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# ***Daily Report***

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## **East Asia**

**FBIS-EAS-89-156  
Tuesday  
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# Daily Report

## East Asia

FBIS-EAS-89-156

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15 August 1989

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**Hun Sen Holds News Conference in Paris**  
*BK1108082989 Phnom Penh Domestic Service  
in Cambodian 1300 GMT 10 Aug 89*

[News conference held by Hun Sen, member of Political Bureau of Kampuchean People's Revolutionary Party Central Committee, chairman of the State of Cambodia's Council of Ministers, foreign minister, and head of the State of Cambodia's delegation at the International Conference on Cambodia, in Paris on 2 August—recorded]

[Text] [Indistinct question in French followed by Cambodian translation] Did the chairman expect to achieve this kind of result at the plenary session of the ministerial conference when realizing that the roundtable talks were deadlocked?

[Hun Sen] After the roundtable talks, I said that the conference should not be based on the success or failure of the roundtable talks, meaning that I started by being already optimistic about the conference because at the roundtable, Khieu Samphan could veto everything and this veto is very difficult for me because there were three people on his side, although sometimes Samdech Sihanouk and Son Sann did not agree with Khieu Samphan's statement. However, at the international conference, as you may already know, you may have already made a comparison, Khieu Samphan was vetoing one whole day, from evening to night: that was the biggest deadlock. It was because of Khieu Samphan. Therefore, you can guess how difficult it was at the roundtable talks when I was alone to oppose the Khmer Rouge. However, members of the delegations attending the conference refused to return home empty-handed; particularly the French Government which has no interest in seeing this conference end in failure. Peace in Cambodia requires that everyone make efforts regardless of the Khmer Rouge's fuss.

The conference's success reflects the common efforts of the participating delegations and those of the French Government along with the Indonesian cochairman Alatas. Through the difficulties encountered at this international conference, one can anticipate the problems of the ad hoc committee or the roundtable meeting caused by the Khmer Rouge's opposition. The meetings ahead will be difficult.

[Partly indistinct question in French followed by Cambodian translation] It is true that in this ad hoc committee, there are two people who can veto, Your Excellency and Khieu Samphan. Therefore, will there be a serious deadlock at the meeting?

[Hun Sen] It is normal at a meeting that people's positions differ. [Words indistinct], however it will not be like the way Khieu Samphan did when he alone still vetoed the agreement adopted by the conference. What I vetoed is the Khmer Rouge's role. This is the Cambodian people's voice.

[Partly indistinct question in French followed by Cambodian translation] Mr Chairman, you are part of the special committee. You seem to have agreed in the talks about a four-party administration. It seems that you have agreed on the establishment of a four-party coalition government headed by Samdech Sihanouk. This is different from what you said earlier.

[Hun Sen] I would like to specify that this authority is not a government. I understood the position of the cochairmen who wanted to find a compromise formula. We proposed a council and the other side proposed a government. The cochairmen found a neutral word which is [brief distortion of recording]; therefore this authority does not mean that it is a government. And it does not mean that we accept a coalition government. This was linked to a statement on organizing an election during an appropriate interim period. People can clearly understand our position on not dissolving the Phnom Penh government and setting up a four-party coalition government. We are ready for a compromise with an organization which has enough right and authority to organize the election.

[Partly indistinct question in French followed by Cambodian translation] On the compromise formula—the council you proposed and the government proposed by Samdech Sihanouk—people say the Soviet Union played a major role in this issue. Can Mr Chairman clarify Shevardnadze's role in this issue?

[Hun Sen] I would like to tell you that our friend never once pressured us. This is our official position; we have proposed this since 1988, namely the establishment of a high administrative council or a reconciliation council headed by Samdech Sihanouk. So, when the final document was released, I had nothing to say. However, this does not mean that the conference totally accepted our position. This was a compromise formula and the object of discussion for the working committees. What should there be between a government and a high council of administration?

[Remainder of question in French by a female correspondent abruptly edited out followed by Cambodian translation] Is there any change in the Chinese Government's stand toward the Khmer Rouge?

[Hun Sen] I did not see any change in China's stand, not any turning point in China's position toward the Khmer Rouge. However, we noted that China is not overly defensive of the Khmer Rouge. It is true that China still defends the Khmer Rouge but not to the extent of supporting the Khmer Rouge to be in power alone. China defends the Khmer Rouge in saying that no one party can discard any other party from a political solution, meaning the Khmer Rouge party.

[Partly indistinct question in French followed by Cambodian translation] However, at the debate at the conference on Monday evening, we saw that China's position was different. When Khieu Samphan vetoed three times various issues, China did not rush to assist the Khmer Rouge. We had the impression that China was leaning toward the majority of the conference.

[Hun Sen] On the Khmer Rouge's attitude, even Khieu Samphan's own children cannot defend Khieu Samphan because even Singapore and China did not dare defend the Khmer Rouge. I would say even God would not tolerate Khieu Samphan. These people have to remain silent.

[Partly indistinct question in English followed by Cambodian translation] Earlier, we saw on television that at times you were alarmed but controlled yourself. What were your views on Singapore's position, which seems to be different from other ASEAN members?

[Hun Sen] The statement by the Singapore minister was a child's statement. His attitude was to destroy the conference and not to move the conference toward an agreement. I said that I will not use base statements like some people do at the conference. I meant Khieu Samphan and the Singapore Foreign Minister who used child's statements; they were base and disgusting statements. At this conference, I am the youngest but not younger than Singapore. I want to say that even if Wong Kan Seng berated me until he dropped dead in his chair, I would not fall. Even if the whole of Singapore were to attack me, I would not fall. It is not necessary for me to reply to this kind of lowly statement. People came here in search of a compromise. Therefore, polite words should be used. Singapore is changing itself into someone directly involved in the Cambodian conflict. Therefore, it should not be considered as having an important role in a compromise. [as heard; brief distortion of recording] Singapore is the only country which differs from the other five ASEAN members; it is even farther apart from Indonesia—a country which has made efforts to find a compromise formula and which was JIM [Jakarta informal meeting] chairman.

It is hard to listen to Singapore accusing me of being two things at the same time: Hun Sen is Pol Pot's man and also Vietnam's man. I do not understand this.

[Partly indistinct question in French followed by Cambodian translation] Along with the discussion in August and at the ad hoc committee's session, can we expect meetings among Cambodian parties similar to the roundtable talks at La Celle-St-Cloud, or meetings between you and Samdech Sihanouk?

[Hun Sen] At the reception at the Quai d'Orsay, Samdech Sihanouk and I agreed that there should be another roundtable meeting on 2 August, today. However, we had problems on how to invite Khieu Samphan and Son Sann to attend. Therefore, both of us suggested that

Roland Dumas and [Indonesian Foreign Minister Ali] Alatas invite those two to attend today's roundtable meeting. However, we clearly heard Khieu Samphan replying: What is the use of the roundtable meeting? To set up a fourth committee? Last night, I asked for confirmation from Samdech Sihanouk whether we will meet or not. Samdech Sihanouk said Khieu Samphan opposed it. Samdech Sihanouk said if I need to meet with him, he will receive me.

[Partly indistinct question in French followed by Cambodian translation] Concerning the peace agreement. How does the committee carry out its mission in Cambodia in a circumstance when there are places which are inaccessible; some others still infested with mines?

[Hun Sen] I have just issued an order to Phnom Penh to make every preparation to cooperate and assist the fact-finding team. I think that in Cambodia in particular, there are many favorable conditions for this mission to carry out its task. The conference appealed to all Cambodian parties involved in this conflict to provide favorable conditions and facilitate this kind of mission because once people come into zones we control and administer, we have the unavoidable duty to provide support [words indistinct].

[Largely indistinct question in French followed by Cambodian translation] Is the chairman optimistic that a peace treaty will be signed at the end of August?

[Hun Sen] I think efforts should be made to achieve this. However, this does not depend on the desire of our side alone. People realize how difficult it is. Therefore, the start was already difficult; the end is therefore even more so. However, this is normal. In a race, there are some who finish; some who do not; some get to the finish line first and others later. There are so many problems to solve. In the event they cannot be solved, what should be done? If we can solve everything in one go, it would very nice; it would be the end. Only a global solution can ensure that the conflict be ended. However, in the event that a global solution cannot be achieved, should we sign some agreements in order to solve some problems and then continue talking to move toward a final and global solution. I do not mean to say that I want to solve the issue on a partial basis; however, we should be realistic. This is the situation. Therefore, this is up to the conference to decide in the event that no global solution can be found.

**Thiounn Prasith Addresses Ad Hoc Committee**  
*BK1408041789 (Clandestine) Voice of Democratic Kampuchea in Cambodia 2330 GMT 13 Aug 89*

[Report on an "Address by Ambassador Thiounn Prasith, member of His Excellency Khieu Samphan's delegation to the ad hoc committee of the Paris International Conference on Cambodia"—read by announcer]

[Text] On 11 August, Ambassador Thiounn Prasith, member of His Excellency Khieu Samphan's delegation,



made a speech at the session of the Paris International Conference on Cambodia. Following is the essence of the speech.

Thiounn Prasith said: To solve the Cambodian problem comprehensively, justly, and definitively, it is necessary to stress, as Samdech Norodom Sihanouk noted in his important statement on 30 July, that the so-called Cambodian problem has in fact only one aspect, namely that of Vietnam's military aggression and occupation of Cambodia since 1978 to colonize and Vietnamize Cambodia—a full member of the United Nations since 1955.

There has never been and there never will be civil war in Cambodia. Therefore, a solution to the so-called Cambodian problem lies in the key issue of genuine withdrawal of all types of Vietnamese aggressor forces under effective international control. If this key issue is not solved, a genuine solution to the Cambodian problem cannot be achieved. To this day, Vietnam and its instruments in Phnom Penh have rejected effective and unbiased control by a United Nations international control commission along with the stationing of the important UN peacekeeping forces in Cambodia. In the Phnom Penh puppet's 8 August interview, as well as during the meeting with the UN fact-finding team, the Phnom Penh regime renewed its opposition to UN supervision. NHAN DAN, the press organ of the Communist Party of Vietnam, in its recent article, also voiced the same opposition. In the first committee, Vietnam's representatives and Vietnam's instruments in Phnom Penh also voiced the same opposition. Therefore, the first committee, whose task is most important, should force Vietnam to accept effective and unbiased UN supervision of the withdrawal of all types of Vietnamese aggressor forces from Cambodia.

Our ad hoc committee has the task of examining the issues of national reconciliation and the establishment of a provisional four-party government headed by Samdech Norodom Sihanouk following the genuine withdrawal of all Vietnamese troops from Cambodia. As long as the withdrawal of Vietnamese troops is not complete and genuine, the Phnom Penh regime, under Vietnam's orders, will continue to show its intransigence on the establishment of a provisional four-party national reconciliation government headed by Samdech Norodom Sihanouk. One cannot talk about national reconciliation if the Phnom Penh regime continues to demand a leading role, if the provisional government is a two- or three-party government, or if one party among the four parties is discarded.

Following the complete and genuine withdrawal of Vietnamese troops and Vietnamese immigrants who have illegally settled in Cambodia since 1979, only a four-party government can establish a genuine and clean balance of various forces which could prevent one Cambodian party from playing a dominant role over the others, and with the assistance from the UN international control commission and the UN peacekeeping

force, ensure peace, security, and order—which are necessary conditions for the Cambodian people to freely express their views without any pressure through UN supervised general elections. This four-party government will be an expression of genuine national reconciliation among all Cambodians regardless of their past or political tendencies, including those who collaborated with the Vietnamese aggressors. It is the basis for a genuine and durable national unity, which is vital for the survival of a small and weak Cambodia, neighbor of a big Vietnam which has the insatiable ambition to annex Cambodia. This national unity is the guarantee for national independence, peace, and stability in Cambodia, and will also be a factor for peace, security, and stability in Southeast Asia and the Asia-Pacific region.

It is for these reasons that Samdech Norodom Sihanouk's five-point proposal—which has received the support of all national resistance forces and the Coalition Government of Democratic Kampuchea—calls for genuine national reconciliation by setting up a provisional four-party government in Cambodia headed by Samdech Norodom Sihanouk, and the establishment of a four-party army and a four-party administration. Concerning the four-party army, no one party should be allowed to have privileges over other parties. The provisional administration has a major task, among others, to organize general and free elections under UN supervision. This administration should, in particular, establish a Cambodian electoral registry by clearly distinguishing Cambodians from Vietnamese nationals. If there is only an administration, propped up by Vietnam, in charge of making important preparations for this election, this administration will conceal hundreds of thousands of Vietnamese immigrants—who have already been nationalized as Cambodians—and will refuse to provide voting cards to genuine Cambodians, particularly those who have contributed to Cambodia's national resistance. This administration will bring all kinds of pressure upon and harass voters to prevent them from voting for the three parties of Cambodia's national resistance movement and to force them to vote for Vietnam's puppets. If such were the case, how can one talk about a comprehensive, just, and durable solution to the Cambodian problem?

Samdech Norodom Sihanouk's five-point peace plan has received support from all Cambodian nationalists and all Cambodian people whose only aspiration is to live in peace in their country within the boundaries recognized by the international community prior to 17 March 1970. This peace plan has also been supported by peace- and justice-loving countries the world over. It has been welcomed because it is very generous by:

1. Only demanding that Vietnam withdraw all of its troops and Vietnamese immigrants from Cambodia without asking for compensation for war damages.
2. Putting on the same level the legitimate State of Democratic Kampuchea and the illegitimate Phnom

Penh regime through the plan to simultaneously dissolve both the State of Democratic Kampuchea and the puppet regime.

3. Agreeing to accept nationalists and those who have collaborated with the Vietnamese aggressors to take part as equals in the provisional four-party government.

This is the highest generosity, unprecedented in history. It is worth recalling that General de Gaulle's free France did not forgive the Laval group and its associates who collaborated with Hitler fascists. Samdech Norodom Sihanouk's important address on 4 August in our committee again showed the wisdom and generosity of the samdech. This address responds to the aspiration of all Cambodian nationalists who want to quickly end the long-standing and indescribable suffering of our Cambodian people.

However, despite these great concessions and the lofty generosity of Samdech Norodom Sihanouk and Cambodia's national resistance forces, Vietnam, through its instruments in Phnom Penh, continues to reject the just and reasonable proposal of Samdech Norodom Sihanouk and Cambodia's national resistance forces. This exposes Vietnam's real intention not to grant Cambodia independence and freedom and not to grant the Cambodian people the sacred right of self-determination to decide their destiny themselves. This clearly shows the entire Cambodian people and international community

that Vietnam has always wanted to annex Cambodia into the Indochinese federation at any price. Not only are the Cambodian people suffering; the Vietnamese people are suffering, too.

Before discussing the national reconciliation process in detail, Vietnam should first accept the four-party principle on the basis of equality in government, army, and in Cambodia's provisional administration, before the general elections under UN supervision. Vietnam seems to have belittled the great concessions, unprecedented in history, of Samdech Norodom Sihanouk and Cambodia's national resistance forces and has interpreted this as a weakness. It even wants Cambodia's national resistance forces to lay down their weapons and accept the Phnom Penh regime as a fait accompli. This shows serious contempt on the part of Vietnam. This will continue to create obstacles to a serious process to restore a genuinely and 100 percent independent, peaceful, neutral, and nonaligned Cambodia—a major factor in creating peace, security, and stability in Southeast Asia and the Asia-Pacific region.

The solution for this conference entirely depends on Vietnam's sincerity and political will in conducting talks to comprehensively, justly, and definitively solve the problem which resulted from Vietnam's act of aggression on, and occupation of Cambodia.

## Japan

### Nakayama, U.S. Ambassador Discuss Relations

OW1508122489 Tokyo KYODO in English 0950 GMT  
15 Aug 89

[Text] Tokyo, Aug 15 KYODO—Japanese Foreign Minister Taro Nakayama told U.S. Ambassador to Japan Michael Armacost on Tuesday that the political turmoil in Japan has no bearing on the durability of the Japan-U.S. "alliance."

"The government led by the Liberal Democratic Party (LDP) has indeed rotated repeatedly," Nakayama was quoted as acknowledging in a 30-minute meeting with the U.S. ambassador at the Foreign Ministry.

"But our ties of alliance with the United States are completely different with our relations of other countries," he said, adding that the present security framework will continue to serve as the foundation on which to further promote bilateral ties "in the fields of policy coordination and joint endeavors."

Nakayama was referring to the fact that Japan has had three prime ministers in as many months, creating a picture of instability overseas.

The foreign minister was apparently attempting to put to rest Washington's reported anxiety over the treaty in light of the LDP's loss in the July 23 House of Councilors election to the opposition Japan Socialist Party (JSP), which advocates Japan's neutrality and the treaty's eventual abolition.

Nakayama also told Armacost that having had the experience of negotiating economic matters in Washington as part of an economic mission, he well understands the nature of the trade friction that has been straining bilateral ties.

He said he hoped for the success of two Japan-U.S. economic forums coming up in September and added that each country should "carefully study" the problems on the agenda.

Nakayama's remarks come amid his recent claim that U.S. complaints over Japan's distribution system are based on a lack of understanding over "special" mitigating circumstances here.

The two countries are scheduled to begin a series of subcabinet-level consultations on structural impediments to trade on September 4-5 in Tokyo, while a regular session of the U.S.-Japan trade committee will be held in Hawaii on September 7-8.

Armacost conveyed congratulations from the U.S. Government on Nakayama's appointment to the foreign ministership and passed on a similar message from U.S. Secretary of State James Baker, officials said.

He said the seven-nation Paris economic summit brought home the importance of the Japan-U.S. relationship for both sides.

Armacost reiterated his pet theme on bilateral trade that "challenge is opportunity," a sentiment which was echoed by Nakayama.

While various difficulties are bound to arise as the two countries deepen their relationship, they should probe into the sources of the friction and widen the scope of their cooperative activities, the ambassador was quoted as saying.

Armacost noted that Japan-U.S. ties have been particularly fruitful in recent months in connection with such issues as the upheaval in China and the Kampuchean peace process.

He said that it has not yet been decided if Baker's tight diplomatic schedule will leave room for him to attend an international peace conference on Kampuchea, scheduled for August 26-31 in Paris.

He said that if Baker cannot meet Nakayama in Paris, he hopes to have a chance to hold in-depth talks with his Japanese counterpart over breakfast in Washington.

Officials said that the comments were an indication that the upcoming summit meeting between Prime Minister Toshiki Kaifu and President George Bush would likely be held in Washington rather than in Maine, as had been suggested.

They indicated that Nakayama may travel directly to Washington from Paris if the summit is set for September 1 as reported.

Nakayama and Armacost, both of whom are bilingual, spoke much of the time during their first encounter without the aid of interpreters, officials said.

### 14 Cabinet Ministers Visit Yasukuni Shrine

OW1508100589 Tokyo KYODO in English 0857 GMT  
15 Aug 89

[Text] Tokyo, Aug 15 KYODO—Thirteen of Prime Minister Toshiki Kaifu's 20 cabinet ministers and a 184-member delegation of Diet members from the ruling Liberal Democratic Party (LDP) visited the controversial Yasukuni Shrine Tuesday, the 44th anniversary of Japan's World War II surrender.

Another cabinet member already visited the shrine on Monday.

Kaifu, Chief Cabinet Secretary Tokuo Yamashita and Foreign Minister Taro Nakayama stayed away, however, in a gesture of respect to neighboring countries that Japan invaded before and during the war.

Last year, 207 LDP Diet members and 11 cabinet ministers visited the shrine.

Yamashita, chief government spokesman, said Kaifu decided against attending Yasukuni Shrine "after analyzing all circumstances cautiously and voluntarily."

The shrine became the center of controversy when it was discovered that 14 World War II leaders, including Gen. Hideki Tojo, were secretly enshrined there in 1978.

The 14 were convicted as Class-A war criminals by an international tribunal after the end of World War II.

Opponents of official visits to the shrine say they imply government support for the action of the war criminals and of public efforts to exonerate them. Others say such visits violate the constitutional separation of religion and state.

Eizaburo Saito, director general of science and technology, was the first to visit the shrine Tuesday, shortly before 10 a.m. Saito told reporters his visit was private and that he has been visiting the shrine each year since the end of the war.

Also visiting the shrine were Finance Minister Ryutaro Hashimoto, Construction Minister Shozo Harada, Transport Minister Takami Eto, Posts and Telecommunications Minister Senpachi Oishi, Home Affairs Minister Kozo Watanabe and Labor Minister Joji Fukushima.

Former Prime Minister Yasuhiro Nakasone became the first post-war leader to visit the shrine officially in August 1985.

That visit resulted in a storm of public protest, particularly from China and Korea.

Nakasone steered clear of the shrine at two subsequent anniversaries during his term of office. His successor, Noboru Takeshita, avoided the shrine last year.

Yasukuni enshrines 2.5 million Japanese war dead. It is the focus of state-run Shintoism, used by the government to inspire nationalist sentiments before the end of World War II. State-run Shintoism was abolished after the war.

**Imperial Couple, Leaders Mark War's End**  
OW1508095989 Tokyo KYODO in English 0823 GMT  
15 Aug 89

[Text] Tokyo, Aug 15 KYODO—Emperor Akihito and Empress Michiko joined dignitaries and surviving family members in paying their respects to Japan's war dead Tuesday in a memorial ceremony marking the 44th anniversary of Japan's surrender at the end of World War II.

Some 6,600 mourners gathered in the Nihon Budokan Hall on the edge of the Imperial Palace grounds to honor the 3.1 million victims of the conflict.

The participation of Emperor Akihito and Empress Michiko, ascending the memorial podium to the strains of Japan's national anthem Kimigayo, marked the first time in nine years that the imperial couple have joined in the rites.

The former Empress Nagako, who was given the title of empress dowager following the death of Emperor Hirohito, in January, was absent from the rites in the closing years of his reign because of her poor health.

Prime Minister Toshiki Kaifu called for those assembled to remember the lessons of the war and to never repeat its "dire tragedy."

The crowd, in somber shades of blue and grey, marked the noon moment of Japan's surrender 44 years ago with heads bowed in a minute of silence.

In his short following address the emperor expressed "deep sorrow" over the loss of life during the war and offered prayers of thanks for Japan's prosperity and world peace.

Leaders from the both houses of the Diet—the House of Councillors and the House of Representatives—and the Supreme Court made statements of condolence. Then 72-year-old Kanae Iseki, who lost her husband during the conflict in Myanmar (formerly Burma), faced a wooden tablet bearing an inscription to the war dead to offer words of condolence as a representative of the bereaved families.

Iseki said the survivors, through mutual help and encouragement, had endured hardships until the present day in the belief that it was the only way to "answer" those who lost their lives "for the country's future and their families' happiness."

Following the departure of the imperial couple, representatives of both houses, the Supreme Court and ruling and opposition parties joined business, labor, religious and media figures in each laying a single yellow flower on the white memorial podium in front of the monument to the war dead.

Representatives of the surviving families from each of Japan's 47 prefectures, along with a special representative for the "hibakusha" (atomic bomb victims), rounded out the flower-offering ceremony with their presentations to the monument.



**Prime Minister Kaifu Holds News Conference**  
OW1108131589 Tokyo NHK General Television  
Network in Japanese 0600 GMT 11 Aug 89

[Prime Minister Toshiki Kaifu holds first news conference with the cabinet press corps held in the press conference room of the prime minister's official residence in Tokyo—live; reporters not identified]

[Text] [Moderator] Mr Prime Minister, we will now begin Prime Minister Kaifu's news conference with the cabinet press corps. There will be a time limit. It will certainly not be exactly 1 hour, but we would like to hold this news conference for about an hour.

The Kaifu cabinet was inaugurated yesterday. We would like to hear your feelings on assuming the post and also about the basis on which you have organized the new cabinet.

[Kaifu] The cabinet has been officially inaugurated, following the investiture ceremony by the emperor and the attestation ceremony held yesterday. Since my responsibilities are extremely heavy, I have made a fresh determination. In organizing the new cabinet, I felt that reform and dialogue were what we will need most from now on. In this connection, while keeping in mind that fresh people capable of conducting dialogues and carrying out reform efforts in tackling various policy tasks should be selected, I have stated my own views and inaugurated a new cabinet.

For example, it has been generally mentioned that there is a gap between Nagata-cho [area where the Diet is located] concepts on the one hand and the views of the people in general on the other, although I do not feel it is always correct to say so. Therefore, it we should promote dialogue between the two sides. It has also been mentioned that in this world of genuine equality of the sexes, why is it that the woman's voice is not represented in either the Japanese Diet or cabinet. Since there are various criticisms, I have ventured to invite the feminine gender to join in my cabinet. I have also tried to make this cabinet one that is capable of accepting the views of the private sector. And since what we need is dialogue, I have been careful to organize a cabinet that will not merely give unilateral explanations but will listen to frank opinions originating from the kitchen or coming directly from the people through their own experiences in life. There are many competent people in our party. However, we will call on the young, the backbone, and the well-experienced to provide their cooperation from their respective positions in carrying out the various reforms that must be undertaken. Among these tasks are political reform, tax system reform, administrative reform, as well as reforms in such fields as agricultural administration and education. I have tried to organize a cabinet that will advance in a positive way and work energetically to carry out policy tasks so that we can live up to the people's expectations and meet their demands.

[Reporter] You have just mentioned that you would like to listen to opinions originating from the kitchen. Do you have any concrete plans for this?

[Kaifu] This is connected with my reflections over the outcome of the recent elections for the upper house. There are various themes related to tax system reform. The people have so far pointed out that taxes are too heavy or that the tax system is rather unfair. This time, we want to revise the tax system so that it will be as fair as possible; at the same time, we will make efforts to reduce taxes that are said to be rather high when compared with those of other nations. We have reduced taxes in advance and have appealed to the people that even if they are asked to pay taxes for this fiscal year, taxes have already been reduced by 2.6 trillion yen in advance. However, it is regrettable that criticism has emerged as the outcome of the elections for the upper house. When we think about the reasons for this outcome, criticism of the consumption tax seems to have come from a general sense of taxes—shall I say—among housewives who are responsible for the family kitchen. In this connection, I feel that it is necessary to listen to or make a survey of real voices coming from the kitchen, to hear opinions from the people who have had such experiences, and to pay attention to their views on various occasions.

[Reporter] According to party regulations, Mr Prime Minister, your tenure as president of the Liberal Democratic Party [LDP] will last until the end of October. Of course, if you are reelected, Mr Prime Minister, you feel in your mind that you should continue in your post. However, some party members hold the strict view that your cabinet should act as a stopgap administration. I would like to hear your views on this point as well as your determination to assume the reins of government.

[Kaifu] As you have just pointed out correctly, my tenure will last until the end of October, according to party regulations. However, concerning the question whether my administration will be a full-scale or provisional cabinet, I do not think it should be determined by whether it lasts long or short. I feel that it should be determined by quality; that is, whether or not the very best is done to carry out tasks during its tenure. In this connection, I will do my best to tackle my tasks. I have expressed my determination in my statement to run for the LDP presidency. I said in the statement that at this critical point, I will do my best to tackle various issues by taking over the wisdom accumulated so far by my predecessors. I hope my cabinet will be appraised not by its tenure in office but by its efforts in tackling the tasks. I have not thought about what is in store for us. I am determined to do my very best to carry out my responsibilities on each coming day.

[Reporter] During the course of forming your administration, many different views have been mentioned about your cabinet. While some say your cabinet is under Takeshita's control, others say [words indistinct]. Concerning this point, Mr Prime Minister, since you

belong to a small faction, there are concerns as to whether your leadership can be brought into full play. What is your view on this point?

[Kaifu] As you have pointed out, it is true that the faction to which I belonged is a small one. However, the selection procedure this time was different from the one used by the LDP in the past. The selection was not made through factional mechanisms, or the logic about numbers, or through consultations. In view of the critical situation, it was decided that the candidates should state their policies and political views and that the selection should be made at a consultative meeting of dietmen from both houses with the participation of local assemblymen. I feel that I was selected through an election, a rather unusual selection process. During this election, I myself and both Mr Hayashi and Mr Shihara, who were candidates for the party presidency, stated our views on several occasions. Since each of us had a third of chance of being elected, we acted on the basic rule that no matter who was elected, all of us would help each other and cooperate with each other in fulfilling our duties to carry out the policies that we had presented to the nation. Frankly speaking, whenever I find it necessary, I will ask for their cooperation, and I think I can win the understanding of the whole party on various issues.

[Moderator] Are there any more questions related to this basic stance? [pauses] If not, let us go on to the next question.

[Reporter] I would like to ask you about the consumption tax. In your remarks at the first cabinet meeting held yesterday, Mr Prime Minister, you stated that after listening to the opinions of both consumers and taxpayers, a drastic revision would be carried out so as to work out a system acceptable to the people. You have clearly stated this plan. First, I would like to hear concrete measures or procedures to promote this program.

[Kaifu] Yes. As I stated earlier, we thought we had carried out sufficient study on our part and then we introduced the consumption tax because we felt it was a good system. However, it turned out not to be as such. Different results can be gleaned from various opinion polls. Concerning the procedures taken prior to the introduction of the tax system, we must frankly offer our apologies because various problems were involved. However, regarding the sales tax bill submitted last time, there was confusion in the Diet session. Through the speaker's mediation, the proposed bill was eventually discarded. Then, also through the speaker's mediation, it was indicated at the talks held between the ruling and opposition parties that efforts should be made to revise the tax system, including a review of the ratio of direct taxes to indirect taxes so as to work out the consumption tax. In this connection, although many problems were involved in the introduction of the consumption tax, I would like to offer my apologies for the negligence and insufficient explanation given to the people. However,

since the issue concerns the problem of securing an important revenue for the state and since the system we offered as a good one has been criticized, we should review the system in a humble way so as to find out which parts should be revised and how they should be revised, and if possible, they should certainly be revised. I think this is the correct political judgment for us to make.

The other day, we called a meeting of representatives of LDP local chapters to listen to their individual views on the results of the upper house election. Many of them stated their views on revising the consumption tax. Concerning this issue, I feel that the purpose of this tax should be indicated in a more definite way. One argument offered now, I think, is to state that the funds thus collected will be used to promote welfare. In listening to local representatives, some of them clearly stated their views that since approximately 40 percent of the donation tax distributed to local governments is regarded as a general source of revenue, greater attention should be given to local problems. In this connection, the representatives of local chapters will submit more opinions by the end of August after reviewing the opinions of the prefectural chapters.

Meanwhile, a revision committee, or a follow-up committee, has been set up at the government's advisory council on the tax system, and the issue is now under study in this committee. The LDP advisory council on the tax system is also carrying out discussions and review of the system. As far as I am concerned, I hope that these organs will speed up efforts, and I would like to ask them in concrete terms which parts should be revised and how they should be revised. I understand that many problems have been pointed out for review. I have heard that there are, for example, problems concerning foodstuffs, education fees, and medical expenses. Regarding practical aspects on what parts should be revised and what measures should be taken, we must wait for conclusions to be worked out by various organs that have been asked to study the problems. Then, we will have to take into consideration views stated in various circles, including consumers, or housewives responsible for the family kitchen, so that a revised system understandable and acceptable to the people can be worked out. I hope that our work to revise the system will be carried out in this orientation.

[Reporter] I would like to continue asking questions about the consumption tax. Some party representatives have expressed their views concerning the three items you have just mentioned. They have stated more or less explicitly that such items as expenses for childbirth and perishable food should be excluded from this tax. Mr Prime Minister, what is your view on this issue at this moment?

[Kaifu] That is quite right. Some representatives have stated their views on expenses for childbirth and perishable foods. After some study, we found that there are

differences in expenses paid for childbirth, depending on whether they are applicable to medical insurance. As for medicine, if you buy medicine at a pharmacy, you will be asked to pay the consumption tax. However, if you get medicine at hospitals and if the expenses are applicable to medical insurance, there will be no consumption tax.

After listening to explanations for difficult problems and conducting some study myself, I have concluded that it will take more time and study before I can make statements acceptable to all the people as well as to myself. If I continue to make statements in the same way as I did during my campaigning for the party presidential election, I would fail in making any concrete statements. I would like to make further studies to obtain some results. Therefore, I feel I should refrain from talking too much about something that cannot be done.

As for perishable foods, even if I feel that some items should be excluded, foodstuffs do not include merely perishable foods. In addition, there are processed foods. What should be done about those items that contain food but wrapped in something that is not? When various problems such as these are brought up, it would be difficult to draw a line, although it will eventually take political judgment to settle the issue. And I feel that I should listen to opinions of many more people who are actually involved before making the final decision.

Anyway, I am determined to make a decision that will be understandable and acceptable to you. And I will request all the concerned organs to speed up their studies and discussions in this regard.

[Reporter] I am turning to the tax rate issue. Both former Prime Minister Takeshita and former Prime Minister Uno had promised not to change the 3-percent rate during their respective administrations. What is your view on that point? Next, when the next extraordinary Diet session convenes this autumn, it is believed that the opposition, centering around the Socialist Party [JSP], will bring out a bill calling for the abolition of the tax system as a matter of course. Now, what are your plans to cope with it? These are my two questions.

[Kaifu] I believe that the 3-percent tax rate is very low from an international viewpoint, and I think that it is a natural figure for Japan to adhere to in its present economic situation. But—what should I say? What I can say now is that it is what I believe: it is desirable to keep the situation this way as long as possible. Therefore, at this moment I am not considering changing the rate at all.

The second question is that, when the next Diet session is convened, a bill calling for the abolition of the consumption tax will be introduced by the opposition. Since [JSP] Chairwoman Doi made it her pledge during the election to abolish the consumption tax by introducing a bill to the Diet, I think that it will be introduced. When it is introduced...[changes thought] At present, the LDP

wishes to ask the people to bear taxes fairly and balanced among income, assets, and consumption. Otherwise...[changes thought] Quite a large sum of money will be required with an aging society coming just around the corner. The speaker recently used his good offices to call for a correction to the ratio between direct and indirect taxes for various reasons. Therefore, we think it is a necessity. It is almost impossible for us to take a bold course to abolish the consumption tax. Since what is sought by the consumption tax is necessary, we wish the nation to understand it. But, since it was impossible to obtain the nation's understanding, we are going to review the tax. Therefore, taking that difference into consideration, I hope we will be allowed to ask questions from various angles when a consumption tax abolition bill is introduced. Reading newspapers, for example, the JSP reportedly contends that, since such and such are available as revenue sources, there will be no trouble if the consumption tax is abolished. It reportedly contends that such and such will be available. However, if my memory serves me correctly, newspapers bring up stories about added value taxes on land. This a story which is mentioned now and then. However, practically speaking, you sell land and you will have to pay more in tax on the basis of a land price appraisal alone even if you receive no actual income. How about that? That means that the rate of fixed property taxes will go up and land and housing rents will rise. Will these price rises be all right if only the consumption tax is abolished? This is a simple and frank question I entertain. Therefore, I want to ask that kind of question.

It was also written that there would be no trouble if a comprehensive taxation system is introduced. Now I am a little worried because if a comprehensive taxation system should be introduced, it would entail the introduction of a serial numbering system and this would infringe on individuals' privacy. But that is the only way to grasp the situation precisely. I remember that during debates at the Special Committee on Tax System, opposition legislators called for extreme caution in case that kind of system is introduced. Thus, there are various problems. If someone simply says we do not have to depend on that sort of thing because we can issue deficit public bonds, then...[changes thought] By the end of this fiscal year we will have public bonds amounting to approximately 162 trillion yen. We must not bequeath deficits to posterity in such an irresponsible way. Therefore, we have been doing everything in our power to rebuild our finances. When you calculate interest, I understand that we must pay roughly 1.3 billion yen an hour in interest. Therefore, it is simply impossible to increase it any more. Therefore, financial measures—financial measures in case we stop something which we have only begun...[changes thought] I wonder if the people still say it will be all right. So I hope to have that incorporated in our party's argument, too. In sum, I think arguing about substance in a comprehensive way is required of politics in the new age. So that is the way I



am going to cope with it. And, since this issue will be put to Diet debates, I think I will have to ask for the party's favor. Anyway, that is the way I want to cope with it.

[Reporter] I would like to ask you about the Recruit scandal next.

[Kaifu] Yes, please go ahead.

[Reporter] You said that your No. 1 priority is to restore public trust in politics in the prime minister's statement you released yesterday. The people's distrust of politics is quite deep-rooted, I think. It was all caused by the Recruit scandal. Looking back upon the scandal, how do you sum it up today? Please tell us about that point first.

[Kaifu] It is my perception that the so-called Recruit case gave rise to very serious questions, particularly the link between politics and money. It is a very sad thing that some will be called to task for criminal responsibilities. Regarding this, I accept it sternly and have done some soul searching on that. At the same time, since the important thing is that it should never be repeated again, I will take this opportunity to properly reconstruct fairness and integrity in official duties in the areas of politics and administration. That is what I think.

[Reporter] Although they were not charged with penal offenses, politicians of the broad proportion received so much money from a single enterprise. That is why the people were so shocked, I think. Mr. Prime Minister, you are in a position to balance between Nagata-cho logic and the people's logic. You yourself disclosed that you received 1.44 million—I mean 1.45 million yen—in donations from that company. Aside from the question of whether it is a penal case or not, how do you think the people perceive this case? This huge amount of money was donated and shares were scattered all over the place. How do you think this differs from Nagata-cho logic?

[Kaifu] In a nutshell, I think that the people grew distrustful of and dissatisfied with the fact that it costs too much money to participate in politics. I have done some soul searching on this matter. As I have been saying, to look back upon it, there was a problem in the way I raised my political funds, too. Had I and my men known at that time that it would touch off a social controversy of this proportion as it has today, I am sure neither I nor my men would naturally have asked a favor of that sort of company. But what I regret very much is that I did not notice it. For that matter I feel ashamed of my ignorance. I think that I must sternly remonstrate myself in the days ahead.

However, going to the root of the problem, I said that it costs too much to participate in politics. It certainly takes far greater money than what you fellow countrymen can imagine to engage in politics today. Take routine speech-making activities or my secretaries and other staffers at my office, for example. It costs a huge

amount of money—probably beyond the limit of understanding for those of you with ordinary households—to pay for correspondence and transportation alone. It has been the legal mechanism in effect to date that you collect the money you need in the ordinary way of raising political funds under the Political Fund Control Law and then report on it. To prevent a recurrence of such a problem at the root and to remove public distrust of the link between politics and money, politics and its mechanism must be revamped so that politics will not be suspected of discreditable ties with money, even if we have to bleed.

As an immediate measure, a draft revision to the Political Fund Control Law has already been brought before the Diet. Based on its self-examination over the link between politics and money as revealed in the Recruit case, the party set up a Political Reform Promotion Headquarters and adopted what is called an outline of political reform. The way political funds are raised, which has been permitted until now, came under fire on the ground that it is nonsensical. Therefore, we are making efforts in various ways although there are some difficult problems. We are considering lowering the ceiling to as low as 600,000 yen from the original 1 million yen—to increase clarity and making everyone report on it. But, since we do not think that it suffices to solve the problem of ties between politics and money, instead of collecting money because it costs money, we want to think about political activity and an election system which costs less money.

I apologize for making it a long story but setting limits to the use of money and to clean up elections...[changes thought] For example, another bill before the Diet, a draft revision to the Public Office Election Law, calls for a ban on acts of endowment. Efforts are being made to make the relationship between politics and money clean. Recently, I had a talk with an American political scientist at a certain place. He said: We are not criticizing on the premise that politics costing money is bad. If it costs money to participate in politics, if politicians need money to serve the people, individuals may find it necessary to exert efforts in various ways to collect money if the matter is left up to individuals. So we must shed light on the matter from a different angle. In the case of the United States, for instance, secretaries of congressmen look after [words indistinct] for a dozen persons as you know. That alone is a great help. Correspondence and transportation expenses, which amount to a huge sum, are paid for by the government when they are for congressional reports and political liaison purposes. There are various favors. I understand that the government provides some political funds needed by individuals. Therefore, using these facts as our reference, we want to change the mechanism so that, if possible, those funds will be borne publicly and individuals do not have to spend too much money. A suggestion made in the party's political reform plan is that it may be important to reconsider an election system where individuals spend so much money at their hotly contested speech

meetings. It also suggests that we reconsider the mechanism of the election system in such a way as to make policy-centered elections possible and party-centered elections, instead of elections centered around individuals' election offices, possible. Before that we must also think about the basic authorized number of Diet seats. The outline of political reform states various things galore. It calls for efforts to resolve problems one by one, including those things. This is a trend in political reform which the party is tackling now on the basis of its soul-searching over the Recruit case—specifically problems encompassing politics and money. I hope you will please perceive it that way.

[Reporter] You are saying that it costs money to participate in politics. It seems that there are two points you are raising in your argument. One is the issue of political reform and a review of the political system and the other is the issue of political ethics. In the logic of the ordinary citizens, which you have been mentioning almost daily, too much money is spent on politics. Actually the fact that it costs money to participate in politics is understandable. This has something to do with the question of public management of elections. However, I think that the trouble is aggravated because politicians spend money by going through loopholes in that system—not just because it costs money to participate in politics. In my opinion, there are problems that are not necessarily ascribable to the question of the system. What is your comment on that?

[Kaifu] That is exactly as you point out. The most important view I held when I was running in the presidential election was that political ethics should take first place in political reform. A saying, which is frequently used, goes: Nothing holds well without trust. This is what each politician should deeply bear in mind to firmly establish his own political ethics. It is a question of an elementary political posture. I would like to state that first. I may be talking about results but, if someone is suspected of an act which is politically unethical, what should we do with him? Our party's epitome of political ethics...[changes thought] At the Diet we have already resolved what is called an epitome of political ethics and adopted a code of conduct. But there is criticism that the Political Ethics Examination Board is not functioning properly. Therefore, although it does not necessarily presuppose that such scandals may happen one after another...[changes thought] We will prevent its recurrence once and for all, but the Political Ethics Examination Board should be revamped so that it can produce actual results. It is written so in the outline. It says this is question must also be dealt with. As you pointed out, if more money than necessary is spent on politics, if we are spending too much for our speech-making activities, and if we are going beyond the framework of ethics as individual politicians, then we will be glad to accept criticisms, exercise caution, and remonstrate one another among our Diet members.

In this connection, I hope that the Diet will discuss and adopt the proposed bill for the revised Public Office

Election Law. Since the bill includes regulations concerning restrictions on spending more funds than necessary, such as prohibitions on donations, I feel that if the Diet should adopt this bill as early as possible after discussing these issues and concepts, the bill would be able to play its role as a brake to misconduct that has been pointed out.

[Reporter] Among the newly appointed top executives of the party as well as the cabinet members, it has been disclosed that five cabinet members, including you yourself, Mr Prime Minister, and the secretary general and the chairman of the Executive Council of the party are connected with the Recruit Company in one way or another. They have either accepted donations or asked the company to buy tickets to their parties [held for political purposes].

In organizing your cabinet, did you or did you not pay attention to this problem? And regarding another point, it has been stated even within the LDP that this issue should be settled. However, Mr Prime Minister, do you yourself feel that a settling of this issue is no longer necessary? I would like to hear your views on these two points.

[Kaifu] Concerning the first question, the LDP has set up, under its Executive Council, a subcommittee to settle this issue, and the subcommittee has adopted a resolution stating that even if those involved are not held responsible under the criminal law, such conduct is certainly not recommended.

In short, as far as the settlement of the issue is concerned, if those involved should continue to accept donations as political funds even after their acts have become a problem of the society, their acts are certainly not commendable in view and consideration of political ethics.

However, if the funds are accepted and reported in accordance with the law controlling political funds before it has become a social problem, they should be considered as regular political funds because each and every politician has been engaged in political activities by collecting well-intentioned, honest money from many individuals and enterprises as political funds. And I sincerely request that the people gain an understanding of the distinction between what is permissible and what is not.

While organizing the cabinet, I requested all candidates to report any such donations if they had accepted any, and told them that the issue will be settled in accordance with the resolution adopted by the party's subcommittee on settlement of the issue. And I think that all the cabinet members have, accordingly, stated the extent of their involvement at the press conference. As for the donations I have accepted, I ask that they be viewed as regular political funds.

Furthermore, to really settle the issue, to prevent the repetition of such problems, and to prevent the party from becoming involved in such scandals, we have made a proposal for revising the law controlling political funds and for working out explicit regulations. At the same time, the committee on political ethics will be further expanded and strengthened so as to prevent the repetition of such problems in the future. Today, we have made a decision on public disclosure of cabinet members' assets. However, we will soon be ready to submit a bill proposing the public disclosure of the assets by all Diet members for the purpose of establishing political ethics.

Through all these efforts, a definite and understandable flow of honest political funds will be set up, and I expect that all these efforts will bear results. And my basic concept about the issue is that it can be settled through all these efforts, and also through our reflections on the issue, as well as our precautions against repetition in the future.

[Reporter] During the last election, the former Uno cabinet submitted a bill for revising the political fund control law. However, many points have been criticized, and it is observed that the proposed bill has affected the outcome of the recent upper house election. Don't you feel people's views indicate that the proposed revision will be insufficient?

In view of the election outcome, do you have any plans to reconsider the bill and submit a revised bill to include regulations on further clarifying political funds or a suggestion for eliminating enterprise donations made in the past by Mr Miki [the late former Prime Minister Takeo Miki]?

[Kaifu] Now that the bill has been submitted, I would like to clarify various points through deliberations at the extraordinary Diet sessions because we also have to listen to the opinions of the opposition parties. However, concerning a suggestion for eliminating all enterprise donations, the propriety of such an idea is certainly questionable, for what would the situation be like if there were no political activities at all? I certainly cannot agree with an argument that all enterprise donations are bad.

However, I will do my best to have the issue settled through further discussions. And as far as the bill submitted to the Diet is concerned, I want you to understand that our party has done its best so that the bill does include regulations on further clarifying the problems concerning political funds.

[Reporter] In that case, do you mean that during the course of negotiations with the opposition party, you will be ready to [words indistinct]?

[Kaifu] Well, it would be rather hard for us to say at this point that we will be ready. We would like to take the issue into full consideration through discussions. Controversial issues exist in the various procedures for collecting political funds. And there are also issues that concern the spending of funds. While taking all these aspects into consideration, we will endeavor to make the flow of political funds easy to understand and untainted.

[Reporter] Regarding the Recruit issue, there is a company named Recruit Cosmos engaged in real estate business. And it has been pointed out even within the party that at least someone who is not connected with the Recruit Company should have been selected to take up the post of director general of the National Land Agency, a post that is responsible for handling land issues. What is your view on this point?

[Kaifu] As I have stated before, rather than being affected by his connections with the Recruit Cosmos Company through political funds, he should carry out his administrative work well without incurring any suspicions while keeping his position in mind. And it is my expectations that his position will thus be clarified by his own future work.

[Reporter] Regarding your own involvement with the Recruit Company, Mr Prime Minister, it has been reported that you attended a speech meeting in 1977. And it is reported that a fee was paid for your speech at that meeting. What is your view?

[Kaifu] Although we have looked into that matter, we have been unable to find out whether or not I had actually given a speech at the meeting. It seems that the meeting was held in July, while the election for the upper house was held. It is quite an old story now because more than 10 years have passed since that time. Whenever I was invited, I went to various places to give speeches. In this connection, when the issue was pointed out, we tried to look into the matter. However, we have failed in our efforts.

[Reporter] In the Lockheed case, some of those involved were confirmed as having accepted bribes. And one of them was appointed the party's deputy general secretary immediately after his election to the Diet. Now that the Lockheed case has become an event of the past, it seems to have been forgotten. Do you also think so?

[Kaifu] No, no. I certainly do not think that it should be forgotten.

[Reporter] Why do you think it is permissible?

[Kaifu] He was appointed to a party job and I had a final report on the issue. He was readmitted into the party after completing all the legal procedures in a proper way. As we feel he will be able to perform his duties well by taking advantage of his experiences and reflections, he



was assigned deputy general secretary. I hope that he will be appraised through his future political activities. And I will offer my cooperation and take care not to have any mistakes repeated.

[Reporter] This morning, a report on your involvement with a woman went into extensive circulation in both the United States and Europe. The report was originally published in a local paper of your hometown, Mr Prime Minister. From a foreigner's viewpoint, if this report should turn out to be true, one would feel that there is no difference from the former administration. Mr Prime Minister, you might be aware of the contents of the report, although it was reported in a local paper. I would like to hear your comments on this report. Will you deny it, or is there any reason that the report should have been circulated at this time?

[Kaifu, speaking in an angry tone] I myself am surprised. There are utterly no such facts at all. I would like to say this very clearly. I feel not only annoyed but almost infuriated at the fact that such irresponsible information has been circulated and that such an irresponsible report has been written. I have formally notified the paper that the report is entirely false, and I have demanded a correction and an apology.

[Reporter] Do you plan to take legal action?

[Kaifu] No, no. Since the report is utterly false, first of all, I demand a correction of the report and also an apology so that the whole nation will understand.

[Moderator] Well then, I think that will be enough on the Recruit issue.

[Reporter] Next, I would like to ask concrete questions about political reform. We have already touched on this issue in some detail. Anyway, I would like to ask you about one point. Mr Prime Minister, you have great respect for Mr Miki, and he long advocated the political ethics law and the clean election law. When all these are taken into consideration, the bills calling for the revision of the Political Fund Control Law and the Public Office Election Law certainly seem to be rather lenient. At the news conference held after your election as party president, you talked about the British anticorruption election law. As you know, this law is quite strict and quite different from the LDP-proposed bills. Mr Prime Minister, now that you are determined to start political reform, are you planning to promote it up to this level? I would like to hear your views on this.

[Kaifu] It is said that the anticorruption election law adopted in Great Britain in 1883 has contributed to clean elections in the UK. In this connection, I certainly feel that in Japan's case, the same will be required. As for the bill for revising the public office election law, I feel it does include fairly reasonable regulations. What do you think? I wish it could be observed strictly. As has been mentioned in previous questions, no limit is imposed on

donations at present, and as has been pointed out, more money than necessary has been spent. Such a situation will be strictly controlled by the law in the future, and penal regulations will be stipulated in the law. If stricter regulations are suggested in the course of deliberations, the suggestions will be taken into full consideration. If we should somehow fail to promote reform, efforts should certainly be made in this orientation, as has been pointed out.

[Reporter] The LDP-proposed bills for various revisions have been criticized as rather incomplete because of its ambiguous penal regulations. For example, according to the anticorruption election law or the political ethics law advocated by Mr Miki, very strict penalties will be imposed on those who violate the law. For example, they will be deprived of the eligibility for election in some cases. Unless such provisions are included, the law will not be observed. What do you think?

[Kaifu] I agree with the view that the law should be revised and strengthened in such a way that it would be observed. The concept originated in the 18th century. Without a doubt, penal regulations should be included. In the existing Public Office Election Law, there are many regulations concerning donations. However, it is regrettable that since no penal regulations are included, some have found loopholes in the law, as has been pointed out. Loopholes should be plugged, and penal regulations should be included. Without them, there will be no advance. Based on this thinking, we have submitted bills to revise the Public Office Election Law as well as the Political Fund Control Law. I feel that the proposed bills this time certainly include strict, revised regulations. When we achieve all the medium- and long-term targets stated in the outlines for the political reform, the people's distrust in politics will be eliminated, and I think we will be able to achieve radical political reform. Through our future discussions, we will promote reform while making advances. We will tackle this issue without any fears about change.

[Reporter] I would like to ask questions on the reform of the election system. This issue has also been pointed out in previous questions. Among the various points at issue, I would like to hear about concrete measures for reforms such as the introduction of the small constituency system. At the same time, the previous cabinet stated its wish to promote dramatic reform to greet the centennial of the Diet next fall. Is there any schedule for this? I would like to hear your views on these two points.

[Kaifu] As you have pointed out, the Diet will celebrate its centennial in November next year. According to the schedule, it has been agreed that at least a blueprint for the medium- and long-term targets will have been worked out by that time. Included in this blueprint, as you know, will be such programs as the redistribution of 476 lower house seats, or correcting the disparity in the number of votes per representation. The discussions should start with these issues. While promoting the

redistribution of lower house seats based on the main stipulation, the introduction of a small constituency system should be further taken up as a topic for discussion. This is because we want to work out a system in which dietmen are elected through debates centered on policies rather than a system in which an election can be conducted with less money.

We have done our best to catch up with and overtake Europe and the United States during the postwar years. However, the purpose of our efforts to catch up with or overtake them lies merely in attaining economic power so as to build an affluent society. Not much effort has been made to catch up with or overtake them by taking their political or election systems as models. Of course, when each European nation or the United States is taken into consideration, there are certainly some differences. However, they have a small constituency system, and elections are carried out in such a way that emphasis is put on political parties. While we conduct our election campaigns through speeches sponsored by individual candidates, they conduct their election campaigns through speeches sponsored by local chapters of political parties. We should take drastic measures to review all these points now. If the system should be introduced, we will be able to conduct an election based on policies. Then, as a result, one of the most serious problems in factional strife can be settled, although you will probably say that I sound rather optimistic. In that case, multiple candidates will be nominated in the same constituency, and since the policies will be entirely the same, there will be a change in election campaigns where they will compete through other factors.

Of course, factions do not only play the role of supporting candidates during election campaigns. Other evil practices concerning such issues as personnel and money have been pointed out. The fundamental issue concerns the election, or the very moment when a politician comes into the world. More debates should be conducted during election campaigns. The special constituency system adopted in Japan has resulted in something rather unusual—the factions—and this has been frequently pointed out by foreigners abroad. However, to tell you the truth, it cannot be positively said that it does not cost much money to conduct an election campaign in a small constituency system like the United States. It has often been said that since it does cost money, the system must be reviewed.

Taking all these into consideration, it should be noted that it will not do merely to change the constituency system. In this connection, the Political Party Law that justifies public allowances should be taken into consideration so that political party funds can be distributed like in the United States, or procedures for nominating candidates should be further reviewed. Since all such problems must be restudied, there will be great confusion if we are asked to change the constituency system by November next year, after settling all these problems.

At a session of the party headquarters for promoting political reform, the chairman stated that the blueprint would be worked out by November next year. However, a considerably long preparatory period will be needed before the reform can actually be carried out. Nevertheless, it is true that one of our main tasks will be to carry on further discussions centered on this blueprint and give further consideration to it, and since this is included in the outlines [for political reforms] and it has been decided at a party meeting, I think our discussions will be held in this orientation.

[Reporter] In connection with political reform, I would like to ask you a question as to how the Diet should be. In particular, it has been observed that it is difficult to understand the Japanese Diet. For example, the evil practice of pursuing politics by Diet policy committees [of various political parties] has been pointed out. To revitalize Diet management, what practical measures do you have in mind?

[Kaifu] I have had the experience of serving as chairman of a Diet policy committee. In view of the criticism that it is difficult to understand politics pursued by Diet policy committees, and when I come to think about it, I realize some truth in this criticism as the negotiations are not held in front of television cameras or in front of the people. I feel that maybe such a practice has led to the criticism against closed-door politics.

And, if I am allowed to speak more frankly, various activities such as study sessions with the participation of officials from various ministries are conducted at LDP headquarters from 8 in the morning. However, all these efforts are not brought to the Diet sessions. The discussions usually end as part of procedures within the party. When full-scale discussions among ruling and opposition dietmen are held at Diet committee sessions, only a few LDP dietmen are allowed to take the floor. Therefore, people watching the scenes feel that it is mostly opposition dietmen that make speeches, and they wonder why LDP dietmen do not give speeches or ask questions. I am sure people complain and ask what have we actually done at the Diet sessions.

As I was asked to act as a representative to make interpellations at the Budget Committee on two occasions during the past 5 years, I should not complain, but other Budget Committee members had to sit there without asking any questions throughout the whole session. Thus, the management of Diet committees should be restored to its original system so that discussions can be held at the committee sessions on what is good and what is bad. I feel that discussions should be held in such a way as to point out what can be revised and how it should be done, and that various bills should be thoroughly discussed at Diet sessions.

There is another point. Since Diet management is centered on committee sessions, there is an issue that concerns a committee chairman's right to handle the



sessions. This issue about the Japanese Diet might be the most difficult to understand. Both our people and foreigners have often criticized that it is not a good practice to boycott a session or to call for a vote on a bill by a single party in the Diet.

When I served as chairman of the Committee on Rules and Administration, I visited Great Britain as a representative of both the ruling and opposition parties. When I asked if the British Parliament had such a practice, the answer was no. What is the actual situation? I am not sure I can explain it in correct terms, but among the rights held by committee chairmen or house speakers in the UK, there is a system called the guillotine or the closure, by which they can decide how many hours will be allowed for discussions and in how many hours a vote will be called when the discussions seem to reach a deadlock. They can ask parliamentarians to state their opposing views in definite terms. When a decision is made, the discussions are closed and a vote is called. During this period, what should be stated is stated.

As for the closure, the opposition party can make a motion that the discussions be closed as sufficient discussions have been carried out. Since these actions are taken in parliamentary sessions, it becomes clear where the points at issue lie, what points are opposed, and why the discussion of a bill has been prolonged. I think we should also introduce such thinking and carry out our discussions thoroughly. When there has been sufficient discussion, we should decide on a bill by calling a vote in accordance with the regulations.

In this connection, although it will be rather difficult for a Diet policy committee chairmen and also for myself who has had the experience of acting as a Diet policy committee chairman to speak out, various issues are actually settled at talks held among Diet policy committee chairmen of various parties, and this procedure is certainly not stated in the Diet Act. The handling of difficult issues in talks other than in Diet committee sessions should be moved back into the Diet sessions. We have council meetings of various committees, but the functions of these councils are not clearly stipulated in the Diet Act. I feel that important issues should be settled more or less at such meetings.

As for the functions of the Committee of Rules and Administration, which serves as an advisory council to the speaker, I feel that you [meaning reporter] should also try to explain to the people in such way as will enable them to understand that such and such discussions are being carried out on such and such issues. We have requested that you explain the points at issue to the people. However, there are still many things that can be done about Diet reform, including asking you to give more detailed explanations to the people.

On our part, we should also examine ourselves as the ruling party. Probably due to our sufficient experiences at the Diet, even when six of us are allowed to take the

floor, we may say that only one should take the floor instead of all six so that we can speed up the discussions. And we may say that it will be better to conclude the discussions earlier regardless of what has been discussed. I feel it is very important for us to correct our posture based on such thinking. Frankly speaking, this is what I feel now.

[Reporter] Well, then, we will go on to the next issue. We have been informed by the chief cabinet secretary that you have decided not to pay a visit to Yasukuni Shrine. Would you explain the reason why you have decided not to make the visit?

[Kaifu] After considering the past circumstances and judging the issue comprehensively from various viewpoints, I have decided on my own that I will not make the visit to the shrine this time.

[Reporter] I would like to ask you another question related to this issue. There have been various arguments concerning constitutional amendment. Would you please tell us, Mr Prime Minister, what is your personal view on this issue?

[Kaifu] Our constitution is peace-oriented and respects basic human rights. In this connection, I highly appraise this spirit of the Constitution which exists in Japan now. Moreover, I think that the way of thinking stipulated in the Constitution has taken root deeply among our people. Therefore, I think that without amending the Constitution, but on the basis of its peace-oriented spirit as well as respects for basic human rights, I would like to carry on our state affairs.

[Reporter] My next question concerns when and where will the Daijo-sai [the Great Thanksgiving Service held after the emperor's enthronement] be held?

[Kaifu] You said Daijo-sai, is that right? As you all know, the service will involve many events. A committee was set up in June to study the issue concerning the enthronement. And the issue is now being studied by the committee under deputy chief cabinet secretary. A decision based on the study carried out by this committee will be made when the time comes. Therefore, please understand that this issue is still under consideration now.

[Reporter] As a result of the recent election for the upper house, the majority of conservatives over reformists was reversed for the first time in the upper house. And it is observed that the situation at the Diet will be completely changed. You have just now stated your views in some detail about reform at the Diet. Mr Prime Minister, you are determined to turn your cabinet into an administration of dialogue and reform.

However, you presided over the committee session when the consumption tax bill was railroaded. And I find it rather hard to say this but does it not seem that your words do not correspond with your deeds? If we regard it

as a past event, do you plan not to railroad any bills in the future? And how do you plan to set up channels for dialogue with opposition parties? I would like to hear your basic posture on Diet management?

[Kaifu] As you have pointed out, I think it is a completely new political situation that the majority of conservatives over reformists has been reversed at the upper house.

When I was nominated as prime minister, different resolutions were reached at the lower and upper houses. Then, a consultative meeting of both houses was called for the first time in 41 years. As I was nominated following this consultative meeting of both houses, I have strongly felt the changes in Diet management, or shall I say that the situation at the Diet has become rather strict. However, since this change has resulted from an election indicating the will of the people, I think it should be accepted in a humble way and it will certainly be hard to carry out Diet management as you have just pointed out.

Even though the management will get harder, I have no intention at all of railroading bills just because of this stricter situation at the Diet. In particular, it has become impossible, numerically speaking, for us to railroad bills through the House of Councillors. Under such circumstances, we persistently will have to continue dialogue and carry out discussions with the opposition. As I have explained earlier, when we should fail to reach an accord after discussions, we would request the opposition that has expanded its strength to reconsider the issue, or perhaps we should follow wisdom concerning the parliamentary management accumulated through past experiences by the advanced Western democracies. If we should fail to reach any conclusions at various committee sessions, the situation will become worrisome because the Japanese Diet management is centered on these committees. Therefore, my basic posture on the Diet management is to settle various issues through persistent dialogues.

[Reporter] Regarding the extraordinary Diet sessions, you mentioned at the news conference given in your capacity as the LDP president that the sessions would be called in mid-September. Would you please explain the Diet's schedule as well as its tasks?

[Kaifu] Because a definite date has not been decided yet, I said it would be held in mid-September. I feel that the exact situation will be clarified by that time, because we will definitely request the Diet to discuss and adopt, by all means, our proposed bills for the revised Public Office Election Law and the Political Fund Control Law which we have drafted and decided on as our first step toward political reform. We will also submit a bill for the law of assets disclosure as soon as we complete our preparations. In accordance with their campaign pledges, the opposition parties will certainly submit to

the Diet a bill demanding the abolition of the consumption tax. When it is submitted, we will have to carry on discussions on the issue by further explaining our party's concepts, and we will have to request that people make their decisions.

In this connection, the Diet will discuss the LDP-proposed bills aiming at political reform as well as the opposition-proposed bill demanding the abolition of the consumption tax, and discussions will center on the differences in views over these issues at the Diet sessions. I think the Diet will have to carry out these tasks. However, since there is still time, it is hard to say how things will turn out.

[Reporter] Here is my next question. Because of the LDP's loss of its majority at the upper house, the opposition is now demanding an early dissolution of the lower house. Meanwhile, even within the LDP, it has been voiced that the lower house may be dissolved as early as by the end of this year or early next year. There certainly are different speculations. Whichever is the case, the lower house members will have served their terms in less than a year. Under such circumstances, Mr Prime Minister, what is your view concerning the issue on the early dissolution of the lower house?

[Kaifu] Under the present circumstances, I have no intention at all of dissolving the lower house. As you have mentioned, their terms will end next year. However, we have to carry out various tasks before then. In view of the outcome of the recent upper house election and based on our rigid self-examination, the government and the ruling party feel that it will be irresponsible for us to hold another election without achieving anything. Based on the outcome, we should change what has to be changed and revise what should be revised. Through discussions, we should demonstrate to the people how the Diet is changing as a result of the recent election. Based on our self-examination and awakening to the situation, we have submitted proposals for political reform and a drastic review of the consumption tax system. We will do our best to achieve as much as possible in these concerns and shift them into the mechanism or system that are understandable and acceptable to the people. I think that they are very important tasks, and I want our people to understand our posture of carrying out political reform resolutely.

Furthermore, as for those people who are concerned with the issue, they certainly want to know how various problems would be settled if the consumption tax should be abolished. I think it will be better to ask them to listen to the opposition explain the details of their bill demanding the abolition of the consumption tax. In this connection, the Diet will have to carry out debates over these issues at the extraordinary Diet sessions. We want our people to watch the discussions and judge which side is correct. Please understand that we will do whatever is within our power to promote the reforms.

[Reporter] Next, I would like to ask questions about economic management. Although the economy seems to be growing smoothly, do you have any special ideas about measures concerning commodity prices or financial policy? At the same time, as various ministries and agencies will work out their estimated demands for the next fiscal year's budgets by the end of this month, I would like to hear your basic ideas about the budget for the next fiscal year.

[Kaifu] To state my basic ideas, the issue concerning commodity prices, which you have just mentioned, is of significance to economic management. For some time, we were rather worried about commodity prices. For example, let us take a look at statistics on commodity prices in the metropolitan Tokyo area, where prices are most apt to fluctuate, during the last two months. The statistics show that prices dropped by 0.1 and 0.2 percent respectively as compared with those of the previous month. These figures indicate that the prices have dropped as compared with the periods when the prices were stable and there were no fluctuations.

In this connection, the price issue about which we have had some worries has now taken a turn for the better and the prices have become stabilized. The price issue is very important to families who are most concerned with commodity prices. Therefore, I feel that we should continue to pay sufficient attention to the task of stabilizing commodity prices.

As far as economic management is concerned, there are two types: one type oriented to domestic demands and the other oriented to foreign demands. At present, there is a need for gradually shifting our management to the one oriented to domestic demands. In general, I think you can understand that there is a trend wherein our economy is gradually shifting to the type oriented to domestic demands.

The most serious problem existing between Japan and the United States concerns correcting the imbalance in trade between our two nations. The situation has somewhat improved through our efforts. Frankly speaking, however, we still have nearly \$50 billion surplus in our trade with the United States. Because this issue has an impact on the economy as a whole, I feel that our two nations should discuss various problems thoroughly at the consultations on structural issues. While seeking mutual understanding, we should try to improve the situation and settle the issue.

As for the financial issue, there is no need to stimulate the economy at present. However, in an utterly different area, our people have one great demand. Many urban people wish that they were able, at least, to own their own house through their hard work. Our people seem to have become gloomy, because they now feel that it seems very difficult to have this dream come true. The problem lies in the price of land. When the price of houses is taken into consideration, there is a need to settle the land price

issue. There are various problems in connection with the basic land law, and one of them concerns the normal flow of funds. The people naturally want the flow to be normal. In this connection, all those concerned should be requested not to put too much money into land so that the land price will not rise sharply. I think that we should try to stabilize our economy through such measures as the one just mentioned.

Concerning other issues such as revitalization of small and medium businesses and investment in facilities and equipment, because there is a tendency for a favorable development, I feel that we should keep in mind that positive efforts should be made so that further development will be made every day in these fields and that the people's livelihood will not be affected.

[Reporter] Next comes administrative reform. I would like to hear how this issue will be tackled. The new Administrative Reform Promotion Council [ARPC] will be dissolved after its submission of the final recommendations next March. I would like to hear what you plan to do after the Council's dissolution.

[Kaifu] Concerning administrative reform, we have so far achieved some results in reducing the number of government employees, and made efforts to reduce waste as much as possible. As for various problems concerning local governments that have been pointed out, I feel that we should endeavor to settle them in accordance with the instructions that have been suggested.

Among various problems that have been pointed out, one concerns the distribution of various government agencies and affiliated organs that are concentrated in Tokyo to various localities so that the imbalance between Tokyo and localities can be corrected and the effective use of land can be promoted.

As for the ARPC recommendations, we will certainly do our best to carry out each of them. As to what will be done after its final recommendations, I think the issue should be studied then while taking the actual situation into consideration. So far, we have not thought about what should be done or whether a new council should be started. I feel that in the meantime, we should do our best to carry out what can be achieved.

[Reporter] Mr Prime Minister, you have long been engaged in dealing with educational issues. A new system for college entrance examinations will be introduced next year, and there are also many other problems. I would like to hear how you plan to deal with educational issues.

[Kaifu] As you have just mentioned, it is true that the college entrance examination system is one of the barriers causing various problems in education, or shall I say, it has distorted education in Japan. To be admitted to colleges, importance is now being attached in high



schools and middle schools to the mastery of a technique--something like Ninjutsu [the ancient Japanese art of making oneself invisible]—of successfully passing entrance examinations to colleges. More than necessary importance is attached to the mastery of such a technique.

As far as I am concerned, I think that education should signify efforts to develop one's character or abilities so that one can be trained or educated to become the vitality of our society. I do not think that one should be evaluated by the marks gained in an examination. There should be something else, such as imagination or other kinds of potential. Because I think it is important to develop education in such a way that it is not controlled merely by marks, I feel the student should be tested in the first-stage entrance examination on how much he has learned in high school. Then, a chance should be given to the college to evaluate how much it can derive from the student if he should be admitted; at the same time the student should also be given a chance to demonstrate his own abilities.

At this stage, I think a test merely given on even one course would be sufficient. A student's special abilities should be tested at the full-scale examination. The new system which includes two-stage examinations aims precisely at giving such tests. In this connection, it is important that not too much importance should be attached to test marks or to academic records only. We should strive to pursue education in fundamentals to develop people's abilities and character, to raise people with sound bodies and minds, and then send them into society.

Because there is not enough time, I would like to make my statements brief. Although I may not have stated my views sufficiently, this is roughly what I think about education.

[Reporter] I would like to ask you about agricultural policies. Mr Prime Minister, I think you agree to the observation that one of the reasons why the LDP was defeated in the recent Upper House election lies in farmers' dissatisfaction with and reactions to the LDP's agricultural policies. In particular, the farmers are dissatisfied with the LDP's drastic—or shall I say unilateral—policy of liberalization, and its failure to work out a new basic agricultural policy to replace the policy of curtailing rice paddy areas that has been implemented for over 10 years now. Mr Prime Minister, please state your views on the basic agricultural policy.

[Kaifu] As you have just mentioned, there certainly are various agricultural problems, including the liberalization of markets for 12 items. However, the decision was made to avoid Japan's isolation from the international community. We had to consider whether or not we could

afford merely to think about Japan itself. Various arguments have been aroused on the basis of this thinking. It is true that the decision made will cause various troubles to farmers who are connected with this issue.

However, a special fund amounting to 164 billion yen, if I am not mistaken, has been set aside for starting various aid and support programs to tackle this issue. We have taken into consideration such measures as providing loans or calf breeding. In this age of internationalization, we have worked out a system of phased liberalization. The liberalization of some items will be put into effect in 3 years. Concerning these items, certain measures, including customs duties, have been taken to prevent any drastic changes.

The last remaining liberalization issue concerns rice. Regarding this issue, both upper and lower houses have adopted a resolution which states that rice will be produced in and supplied by each individual nation. In this connection, the Diet resolution indicates that even if the liberalization of the import of rice has been requested on various occasions, the request cannot be agreed to, or rather, it is impossible to agree to the request. This issue is expected to be discussed at the Uruguay round, and on this occasion, we should state our views based on our thinking and position.

When this issue is viewed in a broader sense or considered from the viewpoints of agriculture and rural areas, it should be noted that among those engaged in agriculture in Japan today, there are more and more of the so-called farmers in the second category who have incomes from side jobs. Come to think of it, when I was elected to the Diet for the first time about 27 or 28 years ago, the objectives listed in the basic agricultural law are to correct the imbalance between urban and rural areas, and to attain a life of the same affluence. A comprehensive agricultural administration, which does not depend on rice alone, was implemented at that time.

As a result, the gap in people's livelihood between urban and rural areas has been reduced, and it has been reported in a newspaper column recently—with both reports and pictures—that farmers' income has exceeded that of workers in urban areas. We found that the report refers to the income of those farmers who belong to the second category when we checked the report in detail. However, it should also be noted that the income of farmers belonging to the first category—those engaged exclusively in agriculture—has not reached a satisfactory level.

Taking all these facts into consideration, I think measures should be taken to improve the quality of farmers' life and to enable rural people to have an affluent life as a rural community. We should not try merely to improve their life in just in material or monetary aspects, but provide rural villages with more cultural facilities and enable them to have a more affluent cultural life with these facilities playing an important role.

Furthermore, we should not merely pay attention to agricultural aspects in the rural area. We should notice that cultivated land also plays an important role in preserving national land and that the green and space in rural areas certainly have some impact on our minds. We should attach importance to our agriculture as well as to our rural areas when all these aspects are taken into account. In a sense as Japan is said to be a culture of rice, Japan is deeply connected to rural areas. In this connection, I feel that one of our major objectives is to build Japan's rural area into an affluent one.

[Reporter, speaking far away from a microphone] [Words indistinct] ....it seems quite different from the original policy of meeting domestic demand with rice produced at home.

[Kaifu] Concerning this point, although we have promoted the policy of curtailing rice paddy areas to a considerable degree, we still are able to meet domestic demand with domestic supply. It seems that there is an exceptional case where about 1 percent is imported as raw materials for Shochu [low-grade distilled spirits]. Since this is quite a special case, please note that there will be no overall liberalization. Moreover, the Diet resolution states that the issue will be handled in accordance with our domestic supply. I plan to carry out the policy in this orientation. I would state what should be stated so as to seek understanding at the Uruguay round. And I feel that this certainly signifies the importance of dialogue.

[Reporter] My question is related to [words indistinct]. Do you have any policy so as to achieve the objectives of not only preventing a rise in land prices in urban areas but also to lower it?

This is a very difficult problem and there are various arguments over this problem at the moment. It is true that I have heard some arguments on the possibility of lowering land prices from those engaged in studies of the issue. In fact, there are some cases in which land prices are falling. Anyway, such drastic measures as starting public facilities projects by constructing two-story, three-story, three-story, or four-story buildings or further efforts to move government agencies in Tokyo to localities will certainly contribute to the supply of housing. I think the land prices will drop if we continue to take these measures.

And this may be a very fantastic dream, but some friends of mine feel that if an artificial island can be built in the Tokyo Bay to provide land on the island, then land prices will certainly fall accordingly. And they also feel that this is a good idea because public funds can be invested in this project. We can also consider such ideas. If we really want to make land prices fall, I think we will have to consider various factors.

[Moderator] Because quite a bit of time has elapsed already, please allow me to ask you a package question about foreign policy issues as our last question.

[Kaifu] Go ahead, please.

[Reporter] First, please tell us about the timing and the purpose of your visit to the United States. Also, please tell us about the government's view on His Majesty the Emperor's visits to China and South Korea as well as the government's—I mean the Kaifu administration's—position on Japanese-Soviet relations and your view on the issue of General Secretary Gorbachev's visit to Japan.

[Kaifu] Regarding the first question, as I have continuously stated, Japan has two coordinate axes for its foreign policy: One is that Japan should play its role as a member in triangular relations with the United States and the EC member nations, with Japan-U.S. relations as the axis. The EC nations value freedom and democracy. The other is that Japan is a member of the Asian community. Because it is an important fact that Japan-U.S. relations are the axis—although the United States may have its circumstances—I want to realize my visit to the United States at the earliest possible opportunity after examining various circumstances.

Now, the second question concerns his majesty the emperor's state visits to China and South Korea. This issue gets entangled with various international questions. On one occasion, his visit to South Korea was planned but was not realized. I will have to examine the question after watching the situation a little more. It is a question which I cannot answer lightly here and now. I cannot say that there will be a visit or there will be no visit or at what time it would be good to make the visits.

Basically, Japan favorably views China's open and development policies. Basically, it is a country with which Japan must get along well. South Korea is also a neighboring country with which Japan wants to continue its friendly ties. Therefore, they are undoubtedly important partners to us.

Regarding the Soviet Union, it also is a very important country to Japan. However, regarding Mr Gorbachev's visit to Japan, about which you specifically asked, our basic wish is to properly conclude a peace treaty with the Soviet Union after resolving the northern territories issue. However, if Mr Gorbachev should visit Japan, we would welcome him. It has been agreed that next year Japan and the Soviet Union will examine the timing of Mr Gorbachev's visit to Japan. As far as I am concerned, I think that the realization of Mr Gorbachev's visit to Japan will be a landmark in Japanese-Soviet relations.

[Reporter] What do you think of future Japan-China relations?

[Kaifu] We have a long history with China, as well. Basically, Japan wants to continue a long relationship with China from now on along the line manifested in the joint statement. However, regarding the recent Tiananmen issue, we said various things from a humanitarian viewpoint. However, we must view the current policy being pursued by China with goodwill and cooperate with it. I want to strive to make Japan's relations with China friendlier and deeper.

[Moderator] I presume you reporters still have many more questions to ask, but, because we are far behind schedule, with your permission we will end this conference now. Thank you very much.

[Kaifu] Thank you very much.

#### **Brief Profile of Transport Minister Eto**

OW0908184389 Tokyo KYODO in English 1527 GMT  
9 Aug 89

[Text] Tokyo, Aug. 9 KYODO—Transport Minister Takami Eto, 64, is known as an expert on agricultural policy and has played an important role in negotiations on liberalization of the Japanese farm market.

After serving as a member of the Miyazaki prefectural assembly, Eto was elected to the House of Representatives in 1969.

The Transport Ministry is the second cabinet post for the seven-term legislator, who was construction minister in the cabinet of former Prime Minister Yasuhiro Nakasone.

Eto served as deputy secretary general of the ruling Liberal Democratic Party (LDP) and worked as a pipeline between the ruling LDP and the cabinet of former Prime Minister Sosuke Uno.

#### **North Korea**

#### **MAC Member Seeks Support for Yim Su-kyong**

SK1508034089 Pyongyang Domestic Service in Korean  
0242 GMT 15 Aug 89

[Text] The senior member of our side to the Military Armistice Commission [MAC] sent the senior member of the U.S. side a telephone notice again. Major General Choe Ui-ung, senior member of our side, on 13 August had requested the U.S. side to allow coed Yim Su-kyong, delegate of the Chondachyop [National Council of University Student Representatives] of South Korea, to cross the Military Demarcation Line [MDL] in Panmunjom to go to South Korea and to guarantee her personal safety and provide expediency for her passage. However, the U.S. side did not allow coed Yim Su-kyong to cross the MDL in Panmunjom this time again.

Our side on several occasions requested the U.S. side to allow the passage of coed Yim Su-kyong and her entourage through the MDL in Panmunjom not because our side could not send them back to the South. This was not prompted by the sense of duty but by moral demand.

The senior member of our side to the MAC sent the following telephone notice to the senior member of the U.S. side this morning [15 August] again in connection with the passage of Yim Su-kyong and her entourage through Panmunjom.

I send this notice in connection with the passage through Panmunjom by coed Yim Su-kyong, delegate of the Chondachyop of South Korea, and her entourage.

We have sent your side letters and telephone notices on several occasions, as required by paragraphs 7, 8, and 9 of the armistice agreement, to realize the passage through Panmunjom by coed Yim Su-kyong and her entourage by all means, and called a MAC meeting as well. However, your side rejected our repeated, just demand for allowing the passage through Panmunjom by coed Yim Su-kyong and her entourage, attaching to it an unjust reason of prior agreement between the North and the South. The allegation of your side that the passage of coed Yim Su-kyong through Panmunjom should receive prior agreement with South Korea is nothing but an excuse utterly lacking in legality and feasibility.

The issue of agreement between the North and South of Korea is applicable only to a case when the person who wants to enter one side's area is one who is living in the other side's area, and the precedent of the past era, which your side talked about, was such a case. However, because Yim Su-kyong is a person residing in South Korea, her passage through Panmunjom is a completely different issue from the precedent. We have no obligation to discuss with the South side a case in which a person who is residing in the South enters his or her area of residence after leaving his or her country temporarily. This can be resolved simply if, in case she passes through Panmunjom, our side and your side, which are responsible for guarding this passage as stipulated by the Armistice Agreement, guarantee her safety and conveniences.

The resolve of student Yim Su-kyong and her entourage to make their way toward the South through Panmunjom is firm, and no one can change their will. Guaranteeing student Yim Su-kyong and her entourage passage toward the South through Panmunjom is in complete compliance with the Armistice Agreement and a humanitarian spirit.

Together with Father Mun Kyu-hyon, student Yim Su-kyong will make her way toward the South some time between 1300 [0400 GMT] and 1400 [0500 GMT] on 15 August 1989, after crossing a section of the Military Demarcation Line between the conference room of the MAC and the office of your side's Joint Duty Officer in



Panmunjom. At this time, while making their way to the southern ground of the conference room area of Panmunjom, not more than 50 functionaries of our media organizations and foreign correspondents will carry out their news coverage activities according to the supplementary letter of agreement to the Agreement on Security and Regulations in the MAC headquarters area, signed between our two sides on 6 September 1976. If any accident takes place because your side does not guarantee the safe passage of student Yim Su-kyong and her entourage through Panmunjom, your side will be held fully responsible for consequences that may arise thereafter.

### **Yim Su-kyong Crosses Border at Panmunjom**

#### **Yim Appeals to UN for Peace**

*SK1508105989 Pyongyang KCNA in English  
1036 GMT 15 Aug 89*

[Text] Panmunjom August 15 (KCNA)—Yim Su-kyong, the delegate of the South Korean "National Council of Student Representatives" (Chondaehyop), in her letter to the secretary general of the United Nations issued today at Panmunjom stressed:

What I am concerning is not my personal misery forthcoming but the fact that my deeds devoted to peace and reunification of our country are charged as a crime.

I cordially request your excellency that the United Nations, the party concerned with the world security and peace of the Korean peninsula should take due interest in this circumstance and take appropriate measures.

After attending the 13th World Festival of Youth and Students held in Pyongyang and the international peace march for peace and reunification of the Korean peninsula as the official delegate of Chondaehyop I intended to transit Panmunjom on the last July 27 and return to Seoul, but this idea was carried to a deadlock, the letter says, adding:

My participation in the Pyongyang festival and the international peace march was not designed for hunting for any sort of fame or for achieving any political aim.

Honestly, only for making even a trifle contribution to bringing earlier reunification of the country, the aspiration of our nation, I was authorized by Chondaehyop to visit Pyongyang.

From this reason throughout the whole course of my staying in Pyongyang, I only cried for peace and reunification and did nothing harmful to anyone.

My Pyongyang visit is completely agreeable with the "July 7 declaration" of the South Korean Government in which they committed active promotion of the North-South visit of politicians, religious men and women, scientists, men of the press and youth and students.

Especially, in view of the fact that recently the South Korean Government is encouraging many students to visit other socialist countries following their "northern policy", my Pyongyang visit raises no problem.

Moreover, the transit of Panmunjom for Seoul by an ordinary student as I would not occur [as received] anything greatly serious but on the contrary will be favourable to reconciliation and alleviation of tension between the North and the South. It can never be a factor of aggravating tension.

As I am confident that my return via Panmunjom will serve towards relaxation of tension and peaceful reunification although there is no authorization of my Panmunjom transit and my safety from the U.S. force and the South Korean government, I will courageously go my way to Seoul through Panmunjom.

The lot awaiting in Seoul is clear.

Nevertheless, what I am concerning is not my personal misery forthcoming but the fact that my deeds devoted to peace and reunification of our country are charged as a crime.

This kind of case must never happen again not only for the sake of our nation but also for the world peace.

If it is failed to be checked, confrontation and tension on the Korean peninsula will be further aggravated and a serious consequence will occur endangering the world peace.

#### **Yim Appeals to Pope John Paul II**

*SK1508110789 Pyongyang KCNA in English  
1051 GMT 15 Aug 89*

[Text] Panmunjom August 15 (KCNA)—Yim Su-kyong, delegate of the South Korean "National Council of Student Representatives" (Chondaehyop), addressed a letter to Pope John Paul II at Panmunjom on August 15 before going back to South Korea.

Recalling that she came to Pyongyang and participated in the 13th World Festival of Youth and Students and proceeded to the international peace march from Mt. Paekdu to Panmunjom as the representative of "Chondaehyop", she noted in the letter: My visit to Pyongyang was aimed at having free debate with the youth and students in the northern half of fatherland on the issue of the country's independent, peaceful reunification, the common desire of our nation, and strengthening the bond of friendship between students of the North and the South.

During my stay in the northern part of fatherland, I came to the conclusion that our fatherland is one and the national reunification is sure to be realized.

Contrary to what some people are clamouring now, I have done nothing wrong, still less slandering of one side in favour of the other in the northern fatherland.

In order to come to Pyongyang and contribute, little as it might be, to changing the tragic situation under which our nation is divided into the North and the South and confronting each other like enemies, I was forced to make a round of the globe, but when I go back to Seoul where my parents live I am going to tread my soil, my land with pride and every justification.

However, unreasonable enough, the U.S. and "ROK Government" are criminalizing my conduct and on my return to Seoul, are attempting to execute me by invoking the "National Security Law".

It is not that at the outset I didn't foresee the likely persecution of the South Korean authorities at the time of my home-coming.

Now the question in point is not my possible detention or persecution in Seoul but the acts of calling justice injustice.

It is really unbearable; it causes me a great pain.

She pointed out: Our brothers and sisters keep having save-the-nation prayers for the reunification of the country and the nation and many priests have already been arrested and are being questioned and even our priests are persecuted for practising love as taught by Jesus Christ, the God of love.

Verily, verily I beg onto Your Holiness for your mercy to take measures lest injustice should rampage or the human dignity and value be besmirched any longer in our land, she concluded.

#### **Citizens Bid Yim Farewell**

SK1408155089 *Pyongyang KCNA in English*  
1533 GMT 14 Aug 89

[Text] Pyongyang August 14 (KCNA)—Today Pyongyangites heartily farewelled Yim Su-kyong, the delegate of the South Korean "National Council of Student Representatives" (Chondaehyop), who is leaving Pyongyang to go back through Panmunjom to her native place where her dear parents, brother and sister, and her fellow students are waiting for her.

The route extending scores of ri from the Kim Il-song Square to Sungni Street, Chilsongmun Street, the Arch of Triumph, Yongung Street, the Potong Gate, Chollima Street, and Pyongyang Railway Station was lined with thick human walls of students and citizens of all walks of life turned out to see her off.

Set up along the route were placards and streamers reading "Hearty farewell to delegate Yim Su-kyong and her companion!" "Let us drive out the U.S. imperialist

aggressors out of South Korea and reunify the country!" "Let us bring earlier independent and peaceful reunification of Korea!" "Let us hand over a reunified country to the next generation!"

Crowds along the route threw confetti on Yim Su-kyong passing before them in an open-car, waving hands and shouting in chorus "National reunification" and "Chondaehyop, Yim Su-kyong" and sang songs "Our Desire is Reunification" and "Korea is One".

At windows of apartment houses and public buildings along the streets the peoples of various segments waved hearty farewell to Yim Su-kyong, scattering flowers and confetti and waving their hands.

Youths and students and other people resented bouquets of flowers and gave letters of encouragement and souvenirs to Yim Su-kyong.

Overwhelmed with emotion, Yim Su-kyong in the open-car, sang the songs "Our Desire Is Reunification" and "Korea Is One" and chanted "National reunification, national reunification" with the crowds.

She told the crowds her firm determination to go to her native place tomorrow by crossing the barrier of division at any cost so as to make a breakthrough for reunification, and promised them to join efforts with them in the struggle for national reunification.

#### **Pyongyang Holds Farewell Rally**

SK1408235789 *Pyongyang KCNA in English*  
2222 GMT 14 Aug 89

[Text] Pyongyang August 14 (KCNA)—A Pyongyang mass rally was held this afternoon at the Kim Il-song square to send off Yim Su-kyong, the delegate of the South Korean "National Council of Student Representatives" (Chondaehyop), and her companion.

The rally was attended by tens of thousands of working people, youth and students who gathered there with the ardent desire for the independent and peaceful reunification of the country and with warm compatriotic sentiments for the delegate of Chondaehyop.

Seen there were slogans reading "Korea is one!", "Hearty farewell to delegate Yim Su-kyong and her companion!", "Let us reunify the divided country at an early date!", "Let us reunify the country through the unity of the North and the South!", "Let us reunify the country on the basis of the three principles of independence, peaceful reunification and great national unity!", "Away with the U.S. forces!" and "Let the youth and students in the North and the South be the standard-bearer for national reunification!", posters and decorations representing the reunification of the country and the elimination of nuclear weapons.



Yim Su-kyong, the delegate of Chondaehyop who had participated in the 13th World Festival of Youth and Students, and Father Mun Kyu-hyon, the delegate of the South Korean "National Roman Catholic Priests' Group for the Realization of Justice," were invited to the rally.

Also present on invitation were Jurgen Maier, member of the leadership of the Party of Green of West Germany; Hugh Stephens, secretary of the Korea Friendship Committee in Britain; Rev Chong Ki-yol, advisor to the "South Korean Federation of Youth in the United States;" foreign diplomatic envoys and embassy officials here.

Vice-Premier Chong Chun-ki, chairman of the Central Committee of the Korean Social Democratic Party Yi Kye-paek, vice-chairman of the committee for the Peaceful Reunification of the Fatherland Yun Ki-pok, and officials concerned were present at the rally.

Choe Mun-son, chairman of the Pyongyang Municipal People's Committee, made an address.

Noting that during the not long period of her stay in the northern half of the country coed Yim Su-kyong has performed a brilliant feat which will be recorded forever in the history of the reunification movement of our nation, he said that is why our people will always remember her as a beautiful "flower of reunification" that came into bloom on the soil of the divided country and as a proud daughter of our nation.

Declaring that she is never alone although there might be grim trials on her way home to Seoul, he stated: We will always be with her, and all our minds gravitating toward reunification will come together to creditably defend and encourage her.

The United States and the South Korean authorities must allow coed Yim Su-kyong and Father Mun Kyu-hyon to pass through Panmunjom and guarantee their safety and refrain from persecuting them after their return to South Korea, he demanded, and stressed:

When the students and people in the North and the South of Korea vigorously turn out in the struggle for national reunification, shoulder to shoulder and in one mind, the 40 odd year history of the torturous division will certainly be brought to an end and a bright dawn of national reunification so ardently desired by our nation will break without fail.

Coed Yim Su-kyong spoke in reply.

She swore to the country, saying: As a young student of a divided country I pledge myself before the altar of history and the nation to dedicate my life to the independence of this land under oppression by outside

forces, for the sake of the fellow countrymen groaning under the despotic repression by a dictator, for democracy and the oneness of the suffering peninsula divided into two.

The steps toward a reunified country have now reached the threshold of going to the battle. We are under obligation to develop the meeting of ours at present to a meeting in a reunified country.

Are the participation in the Pyongyang festival and my passage through Panmunjom so impossible and are they no more than a romantic dream and an indiscreet act as the "government" in the South says?

Why is it desperately trying to block my passage through Panmunjom and concentrating all efforts on the roundup of national reunification forces including student Im Chong-sok, chairman of "Chondaehyop"? If my activities here and passage through Panmunjom are not beneficial to the reunification at all, what does the nationwide support, worldwide interest, and enthusiastic encouragement of the overseas Koreans mean?

We will certainly reunify into one this land in the East, the land of the morning calm by the strength of the 70 million fellow countrymen.

Who can block our way on this land where the sorrow of division dripped like drops of blood, the land apart from which I cannot live, the land of grievances of mothers and fathers who passed away, exhausted in waiting, their eyes unclosed? For 45 years we have lived a hard life with the sorrows of division filling our hearts.

Like connecting the broken blood vessels and like connecting the severed history, we must connect the sky with the land, Mt Paektu with Mt Halla, and the River Tuman with the River Rakdong.

Seventy million fellow countrymen in the North and the South! Two million students in the North and the South! Let us make a vigorous all-out march toward national salvation through reunification.

Let us build a reunified country with the unity of 70 million!

Father Mun Kyu-hyon spoke next.

To reunify the nation, he said, is not a mission of any individual but a mission of our entire 70 million fellow countrymen and it is a historic mission which we should achieve at the cost of our lives.

Yim Su-kyong, who has come to the North of the country with the ardent desire for reunification on this historical mission on behalf of one million students, is, indeed, a "flower of reunification" and a "flower of the nation" which should be brought into full bloom, he said. On behalf of the "National Roman Catholic Priests' Group

for the Realisation of Justice," he expressed his determination to continue to advance dynamically towards the future of the country when free travel would be made unhindered from Mt Halla to Mt Paektu and from Mt Paektu to Mt Halla, overcoming the difficulties on the road of national reunification.

#### **Yim Arrives in Kaesong**

SK1508002489 *Pyongyang KCNA in English*  
1609 GMT 14 Aug 89

[Text] Kaesong August 14 (KCNA)—Yim Su-kyong, the delegate of the South Korean "National Council of Student Representatives" (Chondaehyop,) who had participated in the 13th World Festival of Youth and Students, and her companion arrived in Kaesong, a city adjacent to the demarcation line, today.

Kaesong railway station was crowded with a great many working people and youth and students who came rushing upon hearing the news that coed Yim Su-kyong who had fasted for six days when she failed to pass through Panmunjom owing to the obstructions of the U.S. imperialists and the No Tae-u puppet clique, was coming again to Panmunjom to go back to South Korea after recovering her health.

When the train carrying Yim Su-kyong and her companion pulled in, the crowds warmly welcomed them, shouting "National reunification", "Korea is one" and other slogans.

Yim Su-kyong and her companion were cordially met by Kim Ki-son, chairman of the Kaesong Municipal People's Committee, and Han Kwang-yim, chairman of the Kaesong Municipal Administration and Economic Guidance Committee, and other personages concerned.

Students' and children's union members presented fragrant flowers to them.

On their way to Kaesong they were warmly seen off by working people of Sariwon at the railway station.

#### **Yim Leaves Kaesong for Panmunjom**

SK1508065489 *Pyongyang KCNA in English*  
0613 GMT 15 Aug 89

[Text] Kaesong August 15 (KCNA)—Yim Su-kyong, delegate of the South Korean "National Council of Student Representatives (Chondaehyop), and her companion left Kaesong for Panmunjom on August 15.

Tens of thousands of working people, youth and students of Kaesong Municipality lined the 8 kilometre route with flags of the Republic and flowers in their hands.

Set up on the road across which thousands of colored tapes were hanging were slogans reading "Warm farewell to delegate Yim Su-kyong and her companion!", "Let us accomplish the historical cause of national reunification

without fail by the concerted efforts of the entire nation!," "U.S. imperialist aggressors, get out of South Korea at once with nuclear weapons and aggression forces!" And "Let us actively support and encourage to the struggle of South Korean people and students against the United States and fascism" and picture boards on the reunification of the country including "Korea is one."

The crowds warmly farewelled Yim Su-kyong and her companion who were determined to return home through Panmunjom at any cost along the streets through which the open-car carrying them and buses were passing and from the verandas of high-rise apartment houses, shouting "National reunification," "Korea is one" and "Chondaehyop Yim Su-kyong".

Yim Su-kyong who was on her way home on August 15, the significant day of the country's liberation, after doing a lot of good things for one Korea waved her hands, extending warm greetings to the crowds who were shouting to her "Let us meet again at the reunification square."

Youth, students and working people presented flower bouquets to her on the streets.

Responsible personages and other officials concerned in Kaesong Municipality warmly saw them off.

#### **Yim Arrives in Panmunjom**

SK1508063189 *Pyongyang KCNA in English*  
0608 GMT 15 Aug 89

[Text] Panmunjom August 15 (KCNA)—"Chondaehyop" delegate Yim Su-kyong and her companion arrived in Panmaunjom this afternoon to return to Seoul across the Military Demarcation Line.

They were met there by members of our side to the Military Armistice Commission and members of the Neutral Nations Supervisory Commission.

The secretary of our side to the Military Armistice Commission said that, taking into consideration the firm determination of Yim Su-kyong and her companion to return to South Korea with ardent desire for reunification, our side decided to open the door of our area at Panmunjom and will thoroughly guarantee their safety until they will cross over the Demarcation Line to the southern area.

Rev Chong Ki-yol, advisor to the "South Korean Federation of Youth" in the United States, accompanied them to Panmunjom.

Chon Kum-chol, vice-chairman of the Committee for the Peaceful Reunification of the Fatherland, Yo Yonku, Presidium member of the Central Committee of the Democratic Front for the Reunification of the Fatherland, Yi Song-ho, vice-chairman of the Korean Anti-Nuke Peace Committee, Kim Chang-yong, chairman of

the Korean Students Committee, presidents and directors of universities and colleges, chief officials, youth and students of Kaesong Municipality and other officials concerned arrived at Panmunjom to see them off.

Many home and foreign reporters came to Panmunjom to cover the crossing of the Military Demarcation Line by Yim Su-kyong and her companion.

**Yim, Mun Cross Panmunjom Border**

SK1508065689 *Pyongyang KCNA in English*  
0625 GMT 15 Aug 89

[Text] Panmunjom August 15 (KCNA)—Yim Su-kyong, the delegate of the South Korean "National Council of Student Representatives" (Chondaehyop), crossed the Military Demarcation Line in the area of the conference room at Panmunjom and went back to the South, focusing the attention of the world.

She was accompanied by South Korean Father Mun Kyu-hyon.

Personages of various strata who came to Panmunjom warmly farewelled with the feelings of kinship Yim Su-kyong and her companion who were walking proudly toward the South where her beloved parents, brother and sister and fellow students were waiting for her, with burning desire to pull down the barrier of division and achieve reunification.

Yim Su-kyong and her companion warmly hugged officials who came to see them off and firmly promised them to meet them again in a reunified country and stepped toward the South through the area of our side where their safety was strictly guaranteed.

At 2:20 this afternoon, Yim Su-kyong and her companion entered the area of the South across the Military Demarcation Line to justify their firm determination.

**Yim, Father Mun Arrested**

SK1508154089 *Pyongyang KCNA in English*  
1527 GMT 15 Aug 89

[Text] Pyongyang August 15 (KCNA)—The No Tae-u fascist clique arrested Yim Su-kyong, delegate of the "National Council of Student Representatives" (Chondaehyop), and Father Mun Kyu-hyon after their coming back to South Korea through Panmunjom today and took them to Seoul, according to a report.

Today the fascist clique brought six police companies, a helicopter and police vehicles to Panmunjom and, further, mobilized more than 3,000 men of some 20 companies to throw a three-fold cordon on the roads to "Yimjin Pavilion" in an attempt to block the way of students and other people to Panmunjom to welcome Yim Su-kyong. At the same time, they hurled a large police force into railway stations and bus stops near Panmunjom and major campuses in Seoul.

To block rallies planned by the "National Alliance of the Movement for the Nation and Democracy" (Chonminnyon) and "Chondaehyop" to mark the August 15 Liberation Day and, at the same time, welcome Yim Su-kyong throughout South Korea, the fascist clique mobilized some 20,000 policemen of 153 companies to keep them from taking to the street.

After laying such a strict police cordon the No Tae-u group let puppet guards arrest coed Yim Su-kyong and her companion Father Mun Kyu-hyon as soon as they crossed the Military Demarcation Line and set their feet on the soil of the South side and took them to Seoul by a helicopter.

It is really a hideous fascist outrage that they arrested coed Yim Su-kyong who went back after doing a great thing for national reunification, even before letting her meet with her beloved parents, brother and sister and dear fellow students. This clearly shows once again that the No Tae-u puppet clique is a military fascist gang without an equal in the world and a treacherous group of separatists standing opposed to the reunification.

**CPRF Demands Yim Su-kyong's Safe Return**

SK1508041489 *Pyongyang KCNA in English*  
0403 GMT 15 Aug 89

[Text] Pyongyang August 15 (KCNA)—At the moment when coed Yim Su-kyong is returning to South Korea we express the belief that all the people of South Korea who want peace and peaceful reunification of the country and the world's peaceloving people will oppose and denounce all possible manners of persecution of her and strongly demand her return home and the safety of her life, said a spokesman of the Committee for the Peaceful Reunification of the Fatherland [CPRF].

In a statement made to the press in connection with the fact that coed Yim Su-kyong who had participated in the Pyongyang festival and the international peace march to make an admirable contribution to the unity of students in the North and the South and to the peaceful reunification of the country is going back to South Korea today with a great pride in fully demonstrating the patriotic mettle of the Korean students, he stressed:

With the return home of coed Yim Su-kyong to South Korea just ahead, the people at home and abroad are now following it with deep apprehensions for her personal safety.

The pure, righteous, patriotic activity of coed Yim Su-kyong for national reunification is a praiseworthy one and it must be incriminated on no account.

Nevertheless, the U.S. forces and the South Korean authorities have blocked her passage through Panmunjom and even intend to punish her. This is an intolerable outrage both from the national and the humanitarian point of view.



It follows from this stand that we have already demanded on many occasions the U.S. forces and the South Korean authorities to allow coed Yim Su-kyong to pass through Panmunjom and guarantee the safety of her life, and proposed to the South Korean Red Cross organization to help her from the humanitarian viewpoint.

However, the opposite side turned down all our repeated proposals and abused her visit to Pyongyang for justifying its repressive policy and anti-dialogue, anti-reunification stand.

Anyone cannot but be concerned for her going back to South Korea while no guarantee for the safety of her life is assured.

This is to us rather a matter of a compatriotic stand toward her, a matter of humanitarianism, than a political problem between the North and the South.

From this point of view we have sincerely advised her to return to South Korea when the tight strain between the North and the South is relaxed and her life is not threatened.

But Yim Su-kyong would not give up her intention to go back through Panmunjom at any cost to South Korea where there are her parents and fellow students, and persisted in her opinion that she must return through Panmunjom on all accounts even at the risk of her life.

We cannot but pay high tribute to this noble, determined, patriotic intention of hers.

Coed Yim Su-kyong who is returning home after accomplishing an admirable mission for peace and reunification of the country must be protected from any persecution or suppression, and her noble patriotic desire must be realized at an early date through the whole nation's vigorous struggle for national salvation through reunification.

**CPRF Official Warns of Possible Rift Over Yim**  
*SK1508111189 Pyongyang KCNA in English*  
1058 GMT 15 Aug 89

["If South Korean Rulers Punish Yim Su-kyong, It Will Seriously Affect North-South Relations, Warns CPRF Vice-Chairman"—KCNA headline]

[Text] Panmunjom August 15 (KCNA)—Chon Kum-chol, vice-chairman of the Committee for the Peaceful Reunification of the Fatherland [CPRF], at a news briefing for home and foreign reporters today at Panmunjom, strongly denounced the intention of the South Korean rulers to punish Yim Su-kyong by invoking the "National Security Law", and warned against the effect it will have on the North-South relations.

By how the United States and the South Korean rulers deal with Yim Su-kyong we will judge if they have the intention to reunify the country or not, if they have the will to ease the tension or not, and if they have the intention to have dialogue or not, he said.

If they punish Yim Su-kyong by invoking the "National Security Law", that will have a grave effect on the North-South relations and they will have to bear responsibility for this, he warned. He demanded that they give up the scheme to arrest her, grant her freedom, stop suppressing Chondaebyop [National Council of University Student Representatives] and promptly release the people they have detained for calling for dialogue.

Stressing that coed Yim Su-kyong's visit and actions were patriotic and just activities, he said those who blocked her way were only splittists.

The whole nation is standing behind Yim Su-kyong and conscience of mankind is watching her, Chon Kum-chol said. He expressed the belief that the honest-minded people all over the world will sternly denounce fascist suppression and splittist moves of the U.S. imperialists and the South Korean puppet clique who intend to persecute coed Yim Su-kyong and turn out in support of her deed.

**Soviets Celebrate Liberation Anniversary**

**Kim Il-song Message to Gorbachev**  
*SK1508044389 Pyongyang Domestic Service in Korean*  
2100 GMT 14 Aug 89

[Congratulatory message by Kim Il-song, general secretary of the Workers Party of Korea (WPK) Central Committee and DPRK president, to Mikhail Sergeyevich Gorbachev, general secretary of the CPSU Central Committee and president of the USSR Supreme Soviet on 14 August]

[Text] Moscow—Comrade Mikhail Sergeyevich Gorbachev, general secretary of the CPSU Central Committee and president of the Supreme Soviet of the USSR:

On behalf of the WPK Central Committee, the DPRK Government, and the Korean people and on my own behalf, I extend warm fraternal greetings to you and, through you, to the CPSU Central Committee, the Supreme Soviet and USSR Government, and the Korean people on the occasion of the 44th anniversary of the liberation of the fatherland, which the Korean people achieved after defeating Japanese imperialism together with the Soviet Army.

The 15 August liberation opened a new epoch in the history of our people, and it set up a new milestone in the Korea-Soviet relations of friendship.

After the liberation, our people successfully carried social revolutions of different stages and turned their once backward country into a prospering socialist independent and sovereign state under the leadership of our party under difficult conditions in which the country was divided and in which they stood in direct confrontation with the chieftain of the world reaction, and are today vigorously struggling for the complete victory of socialism and for the acceleration of the independent and peaceful reunification of the country.

In the struggle for building a new independent life, the Korean and the Soviet peoples have supported and cooperated closely with each other and the relations between the two countries have constantly developed to a higher stage.

The Soviet people extend support and solidarity to our people in the struggle for socialist construction and for the independent and peaceful reunification of the country.

The Korean people support the struggle of the USSR Government, party, and people to develop perestroika in depth, accelerate the socioeconomic development, realize disarmament, and build a world free of war.

I believe that the traditional relations of friendship and cooperation between the two parties, two countries, and two peoples of Korea and the Soviet Union firmly established in the course of the bloody struggle against the imperialist aggressors will further consolidate and develop in the future through the joint struggle for the victory of the cause of peace, socialism, and communism.

Availing myself of this opportunity, I sincerely wish you and the Soviet people greater success in the work for implementing the decisions of the 27th CPSU Congress and the 19th All-Union conference of the party and for defending world peace and security.

[Signed] Kim Il-song, general secretary of the WPK Central Committee and DPRK president  
[Dated] 14 August Pyongyang

#### **Greetings Received From Soviets**

SK1508001489 Pyongyang KCNA in English  
1615 GMT 14 Aug 89

[Text] Pyongyang August 14 (KCNA)—Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea, and Yon Hyong-muk, premier of the Administration Council, today received a message of greetings from the Central Committee of the Communist Party of the Soviet Union, the Presidium of the Supreme Soviet of the Union of Soviet Socialist Republics and the Council of Ministers of the USSR on the occasion of the 44th anniversary of the country's liberation.

The message reads in part:

The Soviet Army routed the Japanese militarist army occupying Korea in August 1945, with the result that the working people of Korea came into possession of the power in the northern half of the country and embarked upon the road of socialist construction under the leadership of the Workers' Party of Korea.

The successes gained by your Republic in the development of the economy and culture and improvement of the material well-being of the people give great satisfaction.

Our country appreciates the efforts of the DPRK Government to ease tensions on the Korean peninsula and develop North-South dialogue and contact.

The stability of the Korean situation constitutes a basic factor in ensuring peace and good neighbourliness in Asia and the rest of the world.

The past period after the liberation of Korea was years of successful development of political, economic, and cultural relations between our two countries.

The Soviet Union will make every possible effort, in the future, too, to make the traditional friendship and cooperation between the Soviet and the Korean people expand and deepen in favor of the cause of socialism, peace, and security as a whole.

We, in the name of the Soviet people, wish the Korean people success in the building of a socialist society as well as in their struggle to reunify the country peacefully on a democratic basis.

#### **Soviet Ambassador Speaks at Meeting**

SK1408234489 Pyongyang KCNA in English  
2251 GMT 14 Aug 89

[Text] Pyongyang August 14 (KCNA)—A meeting to celebrate the 44th anniversary of the liberation of the country was held today at the People's Palace of Culture.

Attending the meeting were Kang Hui-won, alternate member of the Political Bureau of the Central Committee of the Workers' Party of Korea and vice-premier, and other senior officials, working people in the city and People's Army soldiers.

Soviet Ambassador to Korea Gennadiy Bartoshevich, his embassy officials and Soviet guests staying in Korea were invited to the meeting.

Yi Chong-yul, minister of public health and chairman of the Central Committee of the Korean-Soviet Friendship Society, made a speech.

The August 15 liberation of the country was a shining result of the anti-Japanese revolutionary struggle organized and led by the respected leader Comrade Kim Il-song and a great victory won by the Korean People's Revolutionary Army together with the Soviet Army by defeating the Japanese imperialist aggressors, he said.

Noting that the noble spirit of internationalism displayed by the officers and men of the Soviet Army and their undying exploits in the battles to liberate Korea are clearly recorded in the history of the struggle for Korea's liberation and the annals of Korean-Soviet friendship and will shine for ever, he paid high tribute to the fraternal Soviet people and officers and men of the heroic Soviet Army who helped with their blood the Korean people in the struggle for the liberation of the country.

He said that to check and frustrate the crafty and vicious splittist "two Koreas" plot of the United States and the South Korean authorities accords with the traditional relations of friendship and cooperation between Korea and the Soviet Union, he said, adding:

The United States, looking straight at the reality, should give up the anachronistic "two Koreas" plot and withdraw its troops and nuclear weapons from South Korea without delay.

The South Korean authorities should not let the U.S. forces stay in South Korea for ever and leave that part of Korea a nuclear base, but make a policy switch-over, responding to our peace efforts, and stop the fascist suppression of the democratic reunification forces and step down as demanded by the people.

Turning to the Korea-Soviet relations of friendship and cooperation, he said that the historic meetings between the leaders of the two countries in recent years were important events which recorded a brilliant chapter in the history of the Korea-Soviet friendship. He stressed that particularly the historic meeting and talks that took place between the great leader comrade Kim Il-song and respected Comrade Mikhail Sergeyevich Gorbachev in 1986 developed in depth this friendship onto a higher stage. Voting that today the Soviet people are deepening perestroika and accelerating socialist economic development to lift socialism to a new stage under the leadership of the Communist Party of the Soviet Union headed by respected Comrade Mikhail Sergeyevich Gorbachev, he went on to say: We highly estimate the initiatives and practical steps of the Soviet Union to realise overall disarmament including nuclear disarmament and build a world free from war.

Ambassador Gennadiy Bartoshevich spoke next.

August 15, the day of Korean liberation, will always be remembered by the peoples of the two countries as a significant day in the history of Soviet-Korean relations,

he said. Then the speaker referred to the great achievements made by the working people of the Democratic People's Republic of Korea over the past 40 years under the guidance of the Workers' Party of Korea led by Comrade Kim Il-song.

The Soviet Union, he said, firmly supports the DPRK's constructive initiatives for easing tensions and creating an atmosphere of trust in the Korean peninsula and the Asia-Pacific region, developing the North-South dialogue and achieving the national reunification peacefully on a democratic basis free from foreign interference.

In conclusion, he expressed the hope that the Korean people under the leadership of the Workers' Party of Korea led by respected Comrade Kim Il-song and of the party Central Committee will make fresh successes in the struggle to carry out the tasks for socialist construction put forward by the sixth congress of the party and to achieve the reunification of the country.

#### **Soviets Lay Anniversary Wreaths**

*SK1508151589 Pyongyang KCNA in English  
1501 GMT 15 Aug 89*

[Text] Pyongyang August 15 (KCNA)—The Soviet military delegation led by General I.M. Tretyak, vice-minister of defence and commander-in-chief of anti-aircraft defence troops, laid today wreaths at the revolutionary martyrs' cemetery in Mt. Taesong, the Liberation Tower, the Friendship Tower and the cemetery of Soviet Army officers and men on the occasion of the 44th anniversary of the liberation of Korea.

Today the delegation of the Union of Soviet Societies of Friendship and Cultural Relations with Foreign Countries and the Ukrainian Society of Friendship and Cultural Relations with Foreign Countries and the Soviet Embassy here laid wreaths at the revolutionary martyrs' cemetery in Mt. Taesong, the Liberation Tower and the cemetery of Soviet Army officers and men.

#### **Paper Endorses Kim Il-song Reunification Plan**

*SK1208124389 Pyongyang KCNA in English  
1032 GMT 12 Aug 89*

[Text] Pyongyang August 12 (KCNA)—The proposal for founding the democratic confederal republic of Koryo [DCRK] put forward by the great leader Comrade Kim Il-song is a realistic and reasonable proposal for the building of a unified state to solve the question of national reunification at the earliest date under the condition of Korea where different ideas and systems have existed in the North and the South, says NODONG SINMUN today in an article.

It goes on to say:



The proposal for founding the DCRK regards the common demands and interests of the nation as the main point in the legal basis of the confederal state, the principle of its composition and its legal status and seeks national unity, disregarding the ideas and systems.

Comrade Kim Il-song said:

"Our party holds that the country should be reunified by founding a confederal republic through the establishment of a unified national government on condition that the North and the South recognize and tolerate each other's ideas and social systems, a government in which the two sides are represented on an equal footing and under which they exercise regional autonomy respectively with equal rights and duties."

Viewed from the legal basis of the confederal state, it is a wholly new confederation which envisages two autonomous regions within the framework of one unified state. In other words, it is a confederal state based on one nation and two autonomous regions. The principle of the composition of the confederal state provides for the establishment of a supreme national confederal assembly representing the whole nation with an equal number of representatives from the North and the South and an appropriate number of representatives of overseas Korean nationals, and of a confederal standing committee, its permanent organ.

In the DCRK the status of the confederal government is a unified national government and that of the regional governments is regional autonomous governments based on the regional autonomous systems. The definition of the status of the confederal government as a unified national government reflects the ardent desire and will of our people for the reunification and indicates that the unified government is a centralized power body representing the whole territory and the whole nation.

In the proposal for founding the DCRK the two regions in the North and the South are regarded as two regions belonging to one country in which autonomy is enforced, not as independent states. And the status of the regional governments is regarded as regional autonomous governments with independence they need under the leadership of the unified national government, not as an independent government with full power.

In the proposal for founding the DCRK the division of power between the confederal government and the regional governments is settled in such a rational manner as to achieve the reunification of the nation and its uniform development while fully guaranteeing a certain degree of regional independence and institutional peculiarities.

The regional governments in the North and the South are required to follow an independent policy within the limits consistent with the fundamental interests and demands of the whole nation and strive to narrow down

the differences between the North and the South in all spheres and to achieve a uniform development of the country and the nation under the leadership of the confederal government.

This definition is made with due consideration both to the aspect that the DCRK is a centralized unified state and the aspect that it is founded on two different systems; it is a new, original principle of division of power fully reflecting the specific conditions of our country and the unanimous desire and will of our nation.

The proposal for founding the DCRK strictly adheres to the principle of equality in defining the mutual relations between the two regions of the confederal state.

It also adheres to the principle of equality and fairness in the whole course of establishing confederation such as the composition and policy of the unified national government and the management of this confederal government.

**Study of Chuche Said Growing Among Southerners**  
*SK1208062989 Pyongyang KCNA in English*  
0616 GMT 12 Aug 89

[Text] Pyongyang August 12 (KCNA)—The May issue of the South Korean magazine "WOLGAN CHOSON" reported that the tendency of espousing and studying the immortal chuche idea is growing among South Korean people of all strata.

It quoted a student of the College of Cultural Sciences of Seoul University as saying: I have accepted the chuche idea since new understanding of U.S. imperialism came to me as the greatest shock. Getting knowledge of atrocities committed by the U.S. imperialists in this land from August 15 to the Kwangju popular uprising, I have clearly realised the falsity of what I learnt in my high school days. So I could accept easily the revolutionary theory of the chuche idea. As the chuche idea indicates me a way out in all matters I faced and gives me strength, I accepted it readily.

As the chuche idea represents the truth of life, the magazine noted, its propagating power is great.

The number of the students who follow the chuche idea is increasing at the universities and colleges with each passing day and, through the study of the chuche idea, they found a fighting slogan the keynote of which is independence against outside forces, democracy against fascism, and national reunification, the magazine noted, adding:

The innovative slogan of MINJU ONRON says that the chuche idea which was founded and deepened in the course of the arduous revolutionary movement of anti-Japanese, anti-U.S. struggle is a revolutionary idea of our

times and our country and a guiding principle to be applied to all work and struggle. And this slogan has now become a slogan common to all South Korean people.

The *chuche* idea is combined with practice and this idea is widely disseminated to labour and dissident forces, to say nothing of universities.

It is correct to view that everywhere the forces to put the revolutionary theory into practice exist, the *chuche* idea is translated into practice and embodied in the anti-U.S., anti-dictatorial struggle.

It is a clear view that the spread of the *chuche* idea will resist dictatorship more furiously in Masan, Changwon, Chinju, Ulsan, Seoul, Incheon, Puchon, Songnam and other areas where the labour movement forces are most active.

### South Korea

#### Yim Su-kyong, Mun Kyu-hyun Cross Panmunjom

##### Face Questioning, Arrest

SK1508062389 Seoul YONHAP in English 0614 GMT  
15 Aug 89

[Text] Seoul, Aug. 15 (YONHAP)—A South Korean student activist who defied her government to take part in a Pyongyang youth festival was detained by U.N. troops Tuesday [15 August] after returning from the North across the Military Demarcation Line in the truce village of Panmunjom.

Yim Su-kyong crossed into the South at 2:20 p.m. [0520 GMT] accompanied by a Roman Catholic priest from South Korea who had gone to North Korea to escort her back to Seoul, according to field reports.

They will be briefly questioned before being handed over to South Korean authorities, who have vowed to arrest them on charges of violating the harsh National Security Law.

Yim arrived in Pyongyang on June 30 to take part in the 13th international youth festival, defying a South Korean Government ban on attending the politically oriented function.

Her return across the demarcation line was forbidden by the U.N. Command at the request of the anti-communist South Korean Government. The U.N. Command has jurisdiction over the southern half of Panmunjom in accordance with the 1953 truce agreement.

Before stepping across the dividing line, Yim, a Catholic, and the Rev. Mun Kyu-hyun attended a farewell rally at a pavilion in the northern part of the truce village with about 70 North Korean officials and journalists.

They adopted a letter to be sent to Pope John Paul II in connection with the pair's return to the South.

#### Yim, Mun Make Speeches

SK1508064089 Seoul Domestic Service in Korean  
0600 GMT 15 Aug 89

[Excerpt] Yim Su-kyong, together with Fr Mun Kyu-hyun, entered our side's area at around 1420 this afternoon by crossing the Military Demarcation Line [MDL] at Panmunjom.

A government source revealed that Yim Su-kyong had arrived on our side and is being sent to Seoul by helicopter. At around 1320 this afternoon, Yim Su-kyong arrived in Panmungak in the North side's area at Panmunjom, together with 120 figures from North Korea, and made a 10-minute speech, starting at 1335.

Wearing a white Korean-style jacket and black skirt, Yim Su-kyong's speech included the words "Good-bye, fellow countrymen in the North!" Then, Father Mun Kyu-hyun also made a brief speech of greeting for about 10 minutes. The two then crossed the MDL at around 1420, as they were bid farewell by those on the North Korean side.

Yim Su-kyong and Father Mun are presently under the protection of the UN side. They will be turned over to our side after going through a brief investigation.

It has been learned that after they are turned over to our side, they will be taken to the Agency for National Security Planning and other organizations, and will be placed under full-scale investigation. [passage omitted]

#### Police Fly Yim, Mun to Seoul

SK1508095489 Seoul YONHAP in English 0929 GMT  
15 Aug 89

[Excerpt] Seoul, Aug. 15 (YONHAP)—A South Korean student and a Catholic priest returned from North Korea Tuesday crossing the border at the truce village of Panmunjom.

Immediately after their border crossing, they were flown to Seoul aboard two police helicopters for questioning by police and intelligence agency.

The 20-year-old Yim Su-kyong who, defying a South Korean Government ban, attended the North's politically-oriented world youth festival in Pyongyang, was sent to Seoul National University Hospital for health checkup before being turned over to the intelligence agency for questioning.

Ms. Yim had staged a hunger strike at the truce village in the Demilitarized Zone that divides South and North Korea after her first attempt on July 27 to cross the



border was thwarted by the United Nations Command [UNC] guards who blocked her passage at the request of the South Korean Government.

Police blocked outsiders from access to the Seoul National University Hospital immediately after she arrived.

After the police helicopters landed on the compound of the National Theater in downtown Seoul at 3:27 p.m., the Rev. Mun Kyu-hyon who had gone to the North to escort her home were [as received] driven to the office of the Counter-Espionage Bureau of the Seoul Metropolitan Police for questioning.

The Rev. Mun was put under arrest immediately because Seoul police have already secured a court arrest warrant for him on charges of violating the harsh National Security Law.

The Agency for National Security Planning (formerly Korean Central Intelligence Agency) plans to put Ms. Yim under formal arrest on similar charges after the health checkup.

Both Ms. Yim and the Rev. Mun looked "very tired" when they walked across the border at 2:20 p.m. after a 50-minute farewell rally held in the northern side of the truce village, according to field officials.

Ms. Yim, who was clad in black and white traditional North Korean costume during the farewell rally, was in pink T-shirt and white pants, which she wore when she first entered the North, when she crossed the border.

When the two walked across the border hand in hand, the UNC guards led them aboard their vehicles and drove to their office in the Joint Security Area of the truce village before turning them over to South Korean officials who were waiting South of the truce village at 2:45 p.m.

South Korean officials immediately flew them to Seoul aboard the two police helicopters.

During the farewell rally, Ms. Yim emphasized the legitimacy of her return through the truce village saying that her act is not to obstruct the reunification nor fuel confrontation between South and North Korea.

About 70 North Korean officials and journalists attended the rally and waved red flags until after Ms. Yim and the Rev. Mun walked across the border.

Earlier Tuesday, North Korea sent a telephone message to the United Nations Command unilaterally notifying that it will send Ms. Yim and the Rev. Mun to the South across the border.

The UNC, however, replied that it would not approve the border crossing which it said is in violation of the armistice agreement. [passage omitted]

**Catholic Priests Asked To Testify About Mun**  
*SK1308030389 Seoul THE KOREA HERALD*  
*in English 13 Aug 89 p 3*

[Text] Seven Catholic priests have been asked to turn themselves in to Seoul police tomorrow to undergo questioning about their suspected involvement in the sending of Fr. Mun Kyu-hyon to north Korea to accompany coed Yim Su-kyong on her trip back home.

They have ignored the orders twice.

The priests are members of the standing committee of the Korea Catholic Priests Association of Justice. The group demands that if one member is jailed, all 17 committee members be placed behind bars.

Three priests, all affiliated with the standing committee, have been arrested for sending Mun to the Communist north in violation of the National Security Law.

**President No Tae-u Gives Liberation Day Speech**  
*SK1508043089 Seoul Television Service in Korean*  
*0116 GMT 15 Aug 89*

[Speech by President No Tae-u at ceremony marking the 44th anniversary of the National Liberation Day, held in the Independence Memorial Hall in South Chungchong Province on 15 August—live]

[Text] Dear 60 million fellow countrymen at home and abroad, and foreign and domestic guests present here: Today, amid new resolutions and deep emotion, we mark the 44th anniversary of the National Liberation Day, which we greeted after freeing ourselves from the yoke of the Japanese imperialists' colonial rule. We also mark the 41st anniversary of the founding of the democratic republic, which was established for the first time on this land. With the beginning of the 20th century, the trials endured by our people were indeed enormous. Our people who made the lofty national spirit for independence and self-respect and brilliant culture over the long period of history bloom became a proud people launching out into the world by overcoming various difficulties pressed upon us.

It is indeed significant for us to share the deep emotion for national liberation with all fellow countrymen and to resolve to vigorously advance toward the bright future in this magnificent Independence Memorial Hall, which preserves traces of both light and darkness through which our fellow countrymen have traversed.

Our martyred patriots fought at home and in many places overseas by dedicating everything to the cause of recovering the nation from the time when the nation

began to fall due to outside forces to the day of national liberation. It is entirely thanks to their devotion that we are standing here with majestic appearance.

I sincerely pay my respects to the martyred patriots who linked the proud history to the present time by elucidating the legitimacy of our national history, becoming the bright beacon fire during the dark days when we had no nation.

Fellow countrymen at home and abroad: Our martyred patriots always dreamed of an independent nation where all of our fellow countrymen could enjoy freedom and prosperity. Our martyred patriots who experienced bitter feelings as a weak and small nation wished that our nation, after recovering its independence, would become a powerful country, actively contributing to peace in the world and to the welfare of humankind.

Today, we have turned our nation into one of the 10 major trade countries of the world from a poverty-stricken state in less than a century. We have attained a nation completely different from what it was 40 years ago. The brilliant successes we have achieved by shedding blood and sweat serve as the example of development, giving the hope and courage to all developing countries of the world.

Last year, based on our overflowing confidence and on our capabilities, we hosted the Seoul Olympics, the largest in scale and most brilliant in history. The Seoul Olympics were a great festival for harmony of all humankind for which the people from the West and the East of the world gathered together for the first time in 12 years. Witnessing the waves of peace and harmony spreading in many places of the world, we became convinced that the day will come when our desire for reunification will be realized and not remain a dream. Fellow countrymen: The enormous trials inflicted upon our people came when the joy for liberation was suddenly turned into the pain of national division. The lesson we have learned from history in the time before and after the liberation is that there has been no independent might with which we could block our nation's division, caused by outside forces.

Furthermore, at a critical turning point deciding the destiny of our nation, our people were divided into leftists and rightists and into many factions. Thus, we failed to attain our unity, standing in confrontation with one another. As the result of this, the leftists and the rightists waged a bloody struggle against each other. Because of North Korea's full-scale southward invasion, the nation was enveloped in a sea of fire and several million of our fellow countrymen lost their lives and shed their blood.

The conflict between the fellow countrymen aggravated confrontation and hostile relations between the North and the South and further deepened not only the barriers of division but also the tragedy of national division.

The world is casting off its old-fashioned garments of the cold war amid waves of openness and harmony. However, the armed forces, the most densely concentrated in the world, confront each other in the North and the South along the a. mistice line on the Korean peninsula, and tension and confrontation are continuing, thus increasing the pains of division.

The true task of national liberation can be accomplished only when the reunified nation, full of freedom and prosperity, is realized by tiding over the realities of division. [applause]

Fellow countrymen, we were unable to block the division with our own strength. However, reunification should be independently achieved according to our people's will and by our own capabilities. Our reunification should not be realized by means of war or by one side overthrowing the other. Reunification should be attained in a peaceful manner without fail.

In the reunified country, all of 60 million members of the nation are the masters. The reunified country should be a democratic nation where freedom, human rights and happiness of each and every one of the members are ensured.

The road to reunification which decides the destiny of the nation should clearly follow democratic principles and procedures. Thus, reunification should be realized independently and peacefully, without using armed force, in the spirit of national unity and for self-determination.

However, today's reality is that the North and the South, which have different ideologies and systems, cannot achieve reunification, because there is still the deep distrust, protracted confrontation and barriers of hostility.

As a mid-term stage on the way to achieving reunification, the North and the South must, first of all, recover and develop a common national community through open doors, exchanges, and cooperation, while coexisting based upon mutual recognition.

The reunification should be achieved in such a manner as to attain one state by developing the conditions for political reunification while realizing a social, cultural and economic common body between the North and the South.

The 7 July declaration made public late last year was an advance step leading to reunification by opening the era of harmony and cooperation between the North and the South, according to my ideals for reunification.

North Korea has not changed its attitude. However, we will consistently push ahead with the spirit of the 7 July declaration and will urge its change. [applause]

Fellow countrymen, the advance policies of the new Republic to bring about harmony and reunification on the Korean peninsula, which were also stated in my address last autumn at the United Nations, are enjoying support and responses from the entire world. Encouraged by this, we opened active relations with socialist countries.

If the waves of openness and reform overflow in the communist world and a new trend of harmony of the entire world is enhanced, the change in North Korea is a simply matter of time.

We will encourage North Korea to open its doors by strengthening our relations of cooperation with our traditional allies and positively pushing ahead with the northern policy. The relations between North and South Korea, which have constantly been hostile to each other for the past 40 years, cannot improve overnight. This requires more consolidated national strength, greater patience, and more effort on our part. Why has no progress been made in North-South relations, despite great changes in the situation in the world and in the area around the Korean peninsula? This is because North Korea has persistently carried out the so-called policy of communizing South Korea. This is because some forces in our society inspired them to have erroneous illusions. To bring about genuine peace in this land and open a way to reunification, North Korea should abandon its so-called line of reunification by communizing South Korea and should stop all provocations and terrorist acts against the South and subversive attempts against us. Also, North Korea should guarantee freedom and human rights for the fellow countrymen in the North. [applause]

Only when North Korea guarantees human dignity—a universal value that must be secured in any country or political system—for the North Korean compatriots, can a road open toward recovering homogeneity as a member of the same national community, in which we are also a member. I urge North Korea to immediately take these measures in order to carry out in earnest the task of reunification, which can no longer be delayed. When North Korea accepts our urging, we will take epochal steps to promote the atmosphere for peaceful reunification, and a new chapter of reconciliation and cooperation will open in North-South relations. It is time that, while carrying the torch of peace and reconciliation, the North and South jointly rise up to cultivate a new history. If North Korea turns a blind eye to responsibility that it must take as a matter of course in order to overcome the reality of division, it will not be able to escape from responsibility for the division of a national community. Using this opportunity, I urge the North Korean side to promptly correct its erroneous attitude toward dialogue. North Korea should show sincerity in creating an atmosphere for immediately normalizing various North-South dialogues that have been suspended. Progress can be made in North-South dialogue only when the North and South have a sincere will and assume a sincere attitude to improve the North-South

relations and to achieve peaceful reunification. North Korea must realize that instigating radical forces in our society and secretly inviting some of them to Pyongyang to create confusion in the South will only lead to our people's disgust for it. I hope that multilateral steps will be taken to improve wide-range exchanges and relations in various domains, based on dialogue and agreements made through normal channels between the responsible authorities in the North and the South.

Dear fellow countrymen at home and abroad:

The 21st century, when our nation's further elevated ideals and great strength will make contributions in this land and the world, is just 10 years away. We will enter the last ten years of the 20th century, which started with the sufferings of our fellow countrymen and which must be gloriously concluded. By vigorously making progress in the new era of democracy, we must build a free country where the dignity of all the fellow countrymen will be guaranteed, a prosperous country where national independence, sovereignty, and self-esteem will cast a brilliant light throughout the world, and a reunified country that will realize the earnest desires of national history. [applause]

This is how we can complete liberation, which our forefathers tried to achieve under foreign suppression by sacrificing themselves. With the wisdom and strength of all the 60 million countrymen, we will fulfill this proud task and thus mark the new century as a century of hope. Thank you.

**No Tae-u Weekly Address Focuses on 'Liberation'**  
*SK1408011989 Seoul YONHAP in English 0111 GMT*  
14 Aug 89

[Text] Seoul, Aug. 14 (YONHAP)—President No Tae-u Monday called for Koreans to join hands to reunify their nation and achieve a "mature democratic society" in which dialogue and compromise are customary practices.

In his weekly radio address, titled "Five Tasks For Achieving Glory in National History" on the eve of the 44th anniversary of the nation's liberation from imperial Japan, No said the people should endeavor to restore law and order in every field and become democratic citizens.

The five major tasks, the chief executive said, are genuine achievement of liberation through building a country with "dignity, strength, national self-respect, prosperity and respect for culture and morality."

"We met liberation, but we have not yet achieved the meaning of the liberation which our old patriots dreamt of at their fullest sacrifice. The territory has been cut into halves and the people divided so that what we have achieved is half liberation," he said.



**U.S., South Urge Nuclear Inspections of North**  
*SK1308032289 Seoul THE KOREA HERALD*  
*in English 13 Aug 89 p 3*

[Text] Korea and the United States have urged north Korea to sign an agreement that will place its nuclear facilities under international inspection, the Ministry of Science and Technology reported yesterday.

The action came in a meeting between Science and Technology Minister Yi Sang-hui and Reginald Bartholomew, the U.S. under-secretary for security assistance and science and technology, in Washington Friday.

Yi visited the U.S. capital Aug. 9-11 on the last leg of his three-nation tour, which had also taken him to Canada and Japan.

Quoting a report by Yi's aides in Washington, the Korean ministry said Yi and Bartholomew shared the view that north Korea should fulfill the safeguards of the International Atomic Energy Agency (IAEA) by late September when the 33rd IAEA Congress is to be held in Vienna, Austria.

North Korea, although it signed the Nuclear Nonproliferation Treaty (NPT) in 1985, has yet to complete the safeguards, thus keeping its nuclear facilities from being inspected by international officials.

Seoul officials said Pyongyang has not had any negotiations with the IAEA in ignorance of the NPT stipulations that require a member country to begin negotiations within six months of NPT membership and follow the safeguards within 18 months from when the negotiations began.

North Korea, which received four 440MW power-generating reactors from the Soviet Union in 1985, reportedly is striving to build nuclear weapons by constructing nuclear fuel reprocessing facilities.

Recent reports said that north Korea has built a nuclear fuel processing plant in Yongbyon, north of Pyongyang, where nuclear reactors have been in existence.

The second Yongbyon plant could extract plutonium, the raw material from atomic weapons, from spent nuclear fuel rods.

During the Washington meeting, Korean officials said, Yi and Bartholomew agreed that the two governments should reestablish a bilateral science and technology agreement in the near future.

The Korea-U.S. Science and Technology Agreement, which had been signed in 1976, expired last October and the United States has refused to renew the pact, demanding Seoul guarantee protection of U.S. intellectual property rights in Korea.

The breakthrough was made by Yi's promise that Seoul would introduce food patents and guarantee the protection of secret military patents of the United States.

Minister Yi reached agreements with U.S. officials for various joint research activities in nuclear and other up-to-date technologies during his three-day stay in Washington, according to Korean officials.

The Korean minister visited the U.S. Nuclear Regulatory Commission (NRC) and the National Science Foundation.

Among the Korea-U.S. joint projects are research into cold fusion at room temperature, superconducting super colliders (SSCS), integral fast reactors and environmental protection and space technologies.

**DJP Seeks Expulsion of So by National Assembly**  
*SK1208025089 Seoul THE KOREA TIMES in English*  
*12 Aug 89 p 2*

[Text] The ruling Democratic Justice Party (DJP) has decided to seek to expel from the Assembly Rep. So Kyong-won, arrested for his illegal Pyongyang visit from the National Assembly.

A party spokesman said that the party would discuss the issue with opposition groups shortly in a meeting of floor leaders.

Spokesman Pak Hui-tae said, "We have repeatedly urged Rep. So to resign as a National Assemblyman as he was arrested on espionage charges, but he yet holds onto his parliamentary seat, receiving pay."

"Criticism is mounting over the actions of Rep. So, who admitted that he received money from Kim Il-song. So, we decided to work to strip him of his parliamentary membership," he explained.

The National Assembly can expel members when more than two thirds of the entire members agree.

**So, Aides To Be Allowed To Talk to Lawyers**  
*SK1208033089 Seoul THE KOREA HERALD*  
*in English 12 Aug 89 p 3*

[Text] A judge has ordered the prosecution to permit lawyers for Rep. So Kyong-won and his aides, now under arrest in connection with the lawmaker's illegal trip to north Korea, to talk with their clients.

Judge Yi Tae-un at the Seoul District Criminal Court ruled yesterday that the prosecution's decision to bar second interviews between So and his lawyers on the ground that they are charged with violating the tough National Security Law is against the Constitution.

So, formerly affiliated with the main opposition Party for Peace and Democracy [PPD], is accused of receiving \$120,000 from north Korea and its agents in Europe and spying for Communist north Korea.

So's aides, Pang Yang-kyun, Kim Yong-nae and Yi Kil-chae, chief of the PPD's external relations bureau, are charged with either delivering "Operation funds" from north Korea to So or having not reported to authorities about the lawmaker's secret trip to Pyongyang last Aug. 19-21.

The defense counsel filed a complaint with the district court against the head of the Seoul District Prosecutor's Office Aug. 5, five days after the prosecution turned down its demand to see So and three others.

After many twists and turns, the lawyers talked with So last July 22. So was turned over to the prosecution by the Agency for National Security Planning several days before that date.

In meeting with his lawyers, So acknowledged that he had accepted \$50,000 from top north Korean officials and 34,000 German marks since 1985, but denied espionage activities.

**PPD Investigated for 'Manhandling' NSP Agents**  
*SK1208034089 Seoul THE KOREA HERALD*  
*in English 12 Aug 89 p 3*

[Text] Police, acting on a request by the Agency for National Security Planning (NSP), has begun an investigation into an alleged manhandling last week of its agents by members of the opposition Party for Peace and Democracy [PPD].

Yongdungpo police said the probe has been prompted by complaints filed by two NSP officers who said they were assaulted by seven to eight PPD members at the party head office on Yoido Aug. 2.

The two, both unidentified, were among the six NSP agents who entered the PPD office with a court-granted detention writ to take party leader Kim Tae-chung into a police station for questioning about his possible link to So Kyong-won's unauthorized visit to north Korea last August.

According to police, the two NSP agents alleged that they suffered cuts and bruises when the PPD members attacked them. One of them had his glasses broken during the conflict.

The party members also took cameras and pagers from the agents and even briefly confined one of them in an office, a police spokesman quoted the NSP agents as saying.

Yongdungpo police notified the PPD yesterday of the investigation and asked for cooperation, said the spokesman.

**More on Yongdungpo District Election Campaigns**

**Candidate Sues NSP Officers**  
*SK1208032089 Seoul THE KOREA HERALD*  
*in English 12 Aug 89 p 2*

[Text] Campaign headquarters for Ko Yong-ku, a legislative candidate in the upcoming Yongdungpo district by-election scheduled for Aug. 18, filed suit against eight security agency and police officers yesterday for alleged violation of the National Assembly Election Law.

The headquarters filed charges against So Tong-kwon, director of the Agency for National Security Planning (NSP), Kim U-hyon, head of the National Police Headquarters (NPH), and six other related officers.

The campaign office alleged that the NSP and the NPH were behind the temporary disappearance of Ko's campaign strategy papers last July 28, and claimed that they handed over the copies to the ruling Democratic Justice Party.

A spokesman for the headquarters said they were forced to seek legal measures since the authorities involved failed to conduct a thorough probe or offer an acceptable explanation.

More than 30 police officers raided Ko's campaign office at an inn July 28, alleging a citizen's report of suspicious activities by a few youths, after which important office documents were found missing.

The documents were returned about 30 minutes later by an unidentified man, and the NPH denied any involvement in the document snatching.

A top NSP official was quoted as having said that it is "all but impossible that those documents can be copied in such a short period of time."

**Fair Election in Yongdungpo Urged**  
*SK1208034689 Seoul THE KOREA HERALD*  
*in English 12 Aug 89 p 8*

[Editorial: "Overheated By-election"]

[Text] Campaigning for the by-election of Seoul's Yongdungpo B District is going into high gear as the balloting day is only a week away. The feverish, last-ditch electioneering in the district, however, warrants our alarm as it is growingly tarnished with all kinds of illegal conducts, even raising questions as to what elections are all about. The election is for a vacant National Assembly seat as the previous election in the district was nullified for breach of laws.

Competition is extremely keen as six candidates, four from the major parties, are contesting in the race. Such intense rivalry is bound to turn the election campaign into a cut-throat free-for-all. Symptoms of over-heated electioneering are already evident in the constituency. Posters and placards carrying the names and party affiliation of candidates are flooding the streets. The necessity of parading the candidates and their views before the electorate, however, does not necessarily excuse the chaotic and unrestrained practice of circulating campaign materials that are eyesores.

Alleged bribery and fraud in diversified, crafty and blatant forms have been reported from the district. Many voters are reportedly wine and dined; others are alleged to have received cash envelopes or presents; and some are said to have been invited to picnics or sightseeing trips.

Interest groups, alumni reunions, clan meetings and an assortment of fraternities are said to have been mobilized to endorse and support the "favorite son," not out of legitimate political and ideological convictions but for nepotistic and selfish considerations. Most of them are likely to be used as instruments of influence peddling and factionalism.

The short-time allowed for electioneering and the single-member constituency system might contribute to the intensity of campaigning but they do not justify breaches of law and order or immoral, indecent and dishonest behavior, even if these acts may not be outright violations of the law.

Against such a backdrop, Central Election Management Committee chairman Yi Chang-hui called upon candidates and voters Thursday to observe the election law down to the last letter in order to insure a fair contest. He also warned that the most stern measures will be meted out against all forms of electioneering violations.

Joint stumping sessions are expected to take place today and during the next week. They should be conducted in a brisk yet orderly manner without breaking the law. Violence in any form undermines the process of legitimate electioneering and must never be condoned. Voters are also called upon to play a role in discouraging offenses against a law-abiding and honest election. Under no circumstances should the upcoming elections be allowed to repeat the example of the infamous Tonghae by-election held last April.

All in all, during the remaining days until the election, it must be brought home to candidates and voters that a clean, fair and peaceful campaign is the seedbed of unalloyed democracy. For the nation, the upcoming by-election will be immeasurably important in determining its democratic stature, on which its future depends.

### **Fistfights Break Out During Rallies**

SK1408023389 Seoul YONHAP in English 0205 GMT  
14 Aug 89

[Text] Seoul, Aug. 14 (YONHAP)—Joint campaign rallies for six candidates in a Seoul by-election over the weekend were marred by shoving, yelling, flying cans and bottles and fistfights among rival campaigners.

Two speeches on Saturday and Sunday in the Yongsong B District for the Aug. 18 election, coupled with already no-holds-barred campaigning, left several people wounded in hand-to-hand fighting between rival party members.

Riot police, deployed on the scene to keep order during the elementary school rallies, were unable to control campaigners, who overwhelmingly outnumbered ordinary voters.

The Sunday rally was tarnished by fistfights between campaigners for the ruling Democratic Justice Party and the No. 1 opposition Party for Peace and Democracy.

The brawling started when opposition campaigners tried to interrupt ruling party candidate Na Ung-pae's speech with jeers and boos and ruling party cheer leaders rushed at their opponents.

The rally was suspended for 15 minutes, during which time a few campaigners were injured as they pelted each other with beverage cans and bottles as well as showering the podium with the missiles.

A similar scene occurred on Saturday and the last joint speech gathering on Tuesday is likely to repeat the previous trend of violence and disorder if no remedy is found.

Spokesmen for the rival parties issued statements Monday in which they criticized each other for having mobilized "unidentified hooligans" to disturb their candidates' speeches and denied any responsibility for the violence.

The heated campaigning is due to the importance each party has put on the result of the by-election, which they have begun to call a "surrogate war" between President No Tae-u and the "three Kims"—opposition party leaders Kim Tae-chung, Kim Yong-sam and Kim Chong-pil.

### **Candidates Charged With 'Violence'**

SK1508021889 Seoul YONHAP in English 0108 GMT  
15 Aug 89

[Text] Seoul, Aug. 15 (YONHAP)—Four candidates in next Friday's by-election were charged with violence and illegal campaigning Monday by the Seoul City Election Management Committee.



The committee lodged the same charges against their chief campaign managers.

The four are Na Ung-pae, a former deputy prime minister, of the ruling Democratic Justice Party, Yi Yong-hui of the opposition Party for Peace and Democracy, Yi Won-pom of the Reunification Democratic Party and independent Ko Yong-ku.

The committee said the candidates and their managers are suspected of distributing gifts, door-to-door campaigning and disrupting joint election campaign rallies on Saturday and Sunday by violence.

Six candidates are standing for election in Yongdungpo-B District in Seoul. Rallies over the weekend were marred by violence and slanderous remarks by candidates and their followers. Several people were wounded in a free-for-all among rival party members.

The heated campaigning is due to the importance each party has put on the result of the election, which they have begun to call a "surrogate war" between president No Tae-u and the three opposition party leaders—Kim Tae-chung of the Party for Peace and Democracy, Kim Yong-sam of the Reunification Democratic Party and Kim Chong-pil of the New Democratic Republican Party.

The last joint rally will be Tuesday afternoon.

**Kim Chong-pil 'Personally Pardons' Chon Tu-hwan**  
SK1208031489 Seoul THE KOREA HERALD  
in English 12 Aug 89 p 2

[From the "Out and About" column: "Chon's Apology"]

[Text] Kim Chong-pil, president of the minor opposition NDRP [New Democratic Republican Party] yesterday said that he has already personally pardoned ex-President Chon Tu-hwan.

Kim, however, underscored the need for a sincere public apology on the part of Chon if he wants to draw leniency from the people.

Encouraging election campaigners for Pak Sang-ung, the NDRP candidate for the by-election in the Yongdungpo B district in Seoul, Kim deplored that not a single president of the nation has ever retired from the presidential post gracefully in recent history.

"President No Tae-u is, needless to say, a popularly-elected president and it is only natural for all of us to guarantee his five years of legal tenure," said Kim denouncing the PPD's recent move to discredit No through an interim assessment of the president, which he said violates the spirit of the Constitution.

### Politicians Urged To Address Political Issues

SK1008130489 Seoul KYONGHYANG SINMUN  
in Korean 3 Aug 89 p 2

[Editorial: "The Way Political Affairs Are Handled Is Hard to Understand"]

[Text] All forms of political activities, including the exercise of the ruler's reigning power, partisan activity of both the ruling and opposition parties, and politicians' words and behavior, should be convincing to the people in the first place. Political activities that are not convincing and are unacceptable to the public will ultimately fail to be justified and will implant in the hearts of the people misgivings and distrust.

It is a rudimentary notion that the essential nature of democratic politics lies in the public trust and support. Politicians who are not trusted and supported by the public will have no ground on which to stand, nor can they seize supreme power. Even under the reign of absolute monarchs, public sentiment was regarded as the absolute condition for retaining royal authority and, therefore, was given serious consideration. In present era when the people are the masters of society, it is all the more necessary.

Now, what about our political scene? Do those in governing power and politicians of both the governing and opposition parties heed and reflect the public opinion appropriately?

On this point, we are only very doubtful. We are incessantly witnessing the occurrence of political incidents that the public masses find to be hard to understand or trust.

To cite a few recent incidents: We find it hard to understand why regional ties and personal connections have been given first consideration in taking people into government service, and why people of the past era have been selected for government positions at a time when the impartial practice of selecting the right people for government offices and bureaucratic discipline are needed more acutely than ever before. Also, we remain strongly suspicious of the fact that the supreme ruler is showing a strong dependence on close associates in running state affairs, a practice that he is urged to do away with.

Do those in the governing quarters believe that the removal of the Fifth Republic's legacy will be hushed if only they delay it? Were they correct in opposing a convocation of an extraordinary session of the National Assembly? These questions should be answered.

The same questions can be put to the opposition parties. It is hard to understand why the opposition politicians refuse to be questioned by the authorities whenever they are summoned, calling it, without due cause, an effort to undermine or oppress the opposition parties. President

of the Party for Peace and Democracy Kim Tae-chung is reported to have denied all the charges brought against him in connection with the case of lawmaker So Kyong-won during an interrogation. It is highly questionable whether the people will believe him.

What we cannot particularly understand is why the ruling and opposition parties continue the game of playing with their own sort, a game that totally denies politics, at a time when they are supposed to pool political efforts to solve such pending political issues as the escalation of leftward drifting, the ideological conflicts, issues concerning the National Teachers Union, and the removal of the Fifth Republic's legacy.

Do they believe that it is all right to let the leading figures of the Fifth Republic, who are accused of having abused authority and of having illegally amassed an enormous amount of wealth while serving in close quarters of the then president and president's relatives, off the hook, with sentences as light as those given to petty thieves, or stays of execution? This is a question that we genuinely cannot understand.

What has become of the case of the stolen documents of an independent opposition candidate for a by-election, and what is the true picture of it? Have they decided to hush it up as well? This is another unanswered question of a slightly different nature.

What kind of unexpected incident among unexpected incidents is the rumor that Mr Pak Chol-on made a secret visit to North Korea, an allegation brought by independent lawmakers Pak Chan-chong and Yi Chol? We have no way of knowing the truth of it.

We may find it to be palatable if we simply regard such things as a result of our open politics that are under way, and forget about them. However, they only add confusion to our already confused minds, as it is currently a period of political upheavals, and more questions remain unanswered.

It is, of course, natural for politicians and political groups to pay attention to partisan interests. However, their pursuit of partisan interests and promotion of party policies can be fairly appreciated and justified only when they are pursued in a fair manner according to the common sense and reasonableness recognized by the majority of the people.

The bottom line is that those engaged in political activity should give first consideration to what the majority of the people think about and how they accept the politicians' words and behavior.

Only when they are humble before the entire population can those in governing power and politicians of both the ruling and opposition parties find ways of solving the difficult tasks now facing our country. They must

remember that acts of staging freakish political performances that ignore the trend of the times and reasonableness may superficially appear to be fresh, and may be seen as acts of opening new political phases, but they will result in adding to the confusion. Simply put, there are too many political affairs that people can hardly understand.

**New Channel Considered for North-South Contact**  
*SK1008054789 Seoul KYONGHYANG SINMUN*  
*in Korean 7 Aug 89 p 1*

[Text] It has been learned that the government is positively studying the question of establishing a new channel for secret North-South dialogue, because the activities of First Minister of State for Political Affairs Pak Chol-on, who served as an instrument for the secret dialogue with the North, have virtually been made known and exposed in the wake of the recent debates on secret North-South contacts.

A source from the ruling camp on 7 August pointed out that "considerable parts of the secret North-South contacts have been disclosed, and thus Minister Pak has become unable to serve as an instrument of secret dialogue because of lawmaker Pak Chan-chong's dissemination of the story on the visit to the North, and because of a series of related news reports." They said that "President No Tae-u is deeply concerned about this situation and is thus now working out an alternative plan."

Stating that "in the ruling camp strong criticisms are being directed at Minister Pak, who has so far led North-South dialogue, for revealing himself to have many problems in keeping secrets," the sources added that "in particular, the Agency for National Security Planning, the Ministry of Foreign Affairs, and other ministries and offices which deal with northward diplomacy and with issues concerning the North are strongly hoping to establish a stable system of external negotiations."

**Need for Revising Dialogue Channel Stressed**  
*SK1008125389 Seoul TONG-A ILBO in Korean*  
*7 Aug 89 p 2*

[Editorial: "Revising Dialogue Channel With North Korea Urged. Negotiations With North Korea Without Systematical Prior Consultations Are a Risk"]

[Text] As the recently prevailing "rumors" on the government's secret contacts with North Korea have become a hot political issue, we cannot but feel serious apprehension and deep displeasure at how such a state-level top secret was let out so easily, apart from the inevitability and effectiveness of a secret contact with North Korea.

In particular, hearing the report that the leakage of such a secret contact was caused by a feud among political rivals in the power circles of the ruling camp in the wake of the sudden emergence of the strong political influence of Pak Chol-on, first state minister for political affairs, we cannot repress the feelings that "we, the people, have been fooled," to say nothing of our displeasure.

The impression of Minister Pak that the people have had thus far is that he "lacks prudence in words and deed." Because of this, many people have been very critical of President No Tae-u's personnel policy. With the current leakage of a top secret of the state as an occasion, these people's impression and criticism of Minister Pak have been further amplified, and, at the same time, the people's voices criticizing President No Tae-u for his negligence in supervising the ruling camp have also been further amplified. This is an undeniable reality.

Such being the situation, we think that Minister Pak's replacement as a channel of contact with North Korea is inevitable. Along with this, we hold that negotiations with North Korea should be carried out through the systematic consultations between the organ concerned of the government and the committee concerned in the National Assembly, and should reflect the people's public opinion to the maximum. This should be followed by an overall institutional reorganization.

The government's secret contacts with North Korea and its installation of such a secret direct telephone line as a hotline between Seoul and Pyongyang have been a well-known secret. In light of today's peculiar North-South relations, we admit that, depending upon the contents of issues to be discussed, there is the need to hold a closed-door contact or a secret contact rather than to hold an open contact.

The people's attention to the government's secret contact with North Korea is focused not on the government's maintaining of a clandestine route for contact with North Korea but on the contents of the negotiations with North Korea that Minister Pak has held thus far, through his secret contacts with Pyongyang. If Minister Pak had made every effort to realize North-South summit talks through a secret contact with Pyongyang as has been reported, various important and serious issues must have been discussed there. North-South summit talks, once held, cannot avoid discussing the issue of withdrawal of U.S. troops and nuclear weapons from South Korea, an important issue which is directly related to our security. Of course, the necessity of North-South summit talks is more urgent than ever before. However, it is also necessary to have thorough discussions and preparations in advance, before summit talks are held. However, we are very skeptical of whether or not such prior discussions and preparations have been made.

It has been learned that Minister Pak presented our reunification formula to North Korea to sound out its reactions. If this report is true, we cannot but say that the

government is making a venture. Our reunification formula should be based on a national consensus. It has been reported that the government is now working on a new reunification formula based on a national consensus. Despite such a situation, what reunification formula did Minister Pak present to North Korea, and why? We can hardly understand why Minister Pak presented a reunification formula at a time when the government has not yet finalized its official reunification formula based on a national consensus.

Minister Pak's visit to North Korea and his secret contact with North Korea is, of course, entirely different from the secret visits to North Korea of Rev Mun Ik-hwan, lawmaker So Kyong-won, and Miss Yim Su-kyong from a legal and political viewpoint. The arguments and assertions of some figures in the opposition camp who have regarded the two different visits as an identical conception are entirely unreasonable. However, if Minister Pak made a secret contact with or a visit to the North even after Rev Mun Ik-hwan's visit to the North last March, this indicates that there is a problem in the political morality and judgment of the government.

For many reasons mentioned thus far, we hold that the government should make public, if possible, the detailed contents of the contacts that Minister Pak has had with North Korea. Along with this, we also urge the authorities to punish those who let out the secrets of the state, and urge politicians and men of the press not to utilize the issue of North-South relations in their political schemes.

**Editorial Views Stemming Classified Leaks**  
*SK1008025889 Seoul THE KOREA HERALD*  
*in English 10 Aug 89 p 8*

[Editorial: "Classified Information"]

[Text] The government is planning to request the National Assembly to pass during its regular session in September amendments to the Law on Parliamentary Inspection and the Law on Testimony and Appraisal. The proposed revisions and specifications are designed to tighten control over materials made available to legislators and restrict the leaking of classified information to outsiders.

General accord on this score has been reached at a recent meeting of government representatives and officials of the ruling Democratic Justice Party. Their consultations and negotiations were prompted by a case of diverting official documents given to National Assemblymen for purposes of checking up on the administrative departments.



Administration bureaucrats discontentedly argue that lack of detailed provisions allow legislators to demand a virtually unlimited scope and amount of materials from administration offices on grounds of parliamentary review and investigation into the government operations.

Mandatory compliance of administrative department with such requests is likely to result in a loose control of documents and other informations provided to lawmakers, thus clearing the way for their transmission to unauthorized and irrelevant parties and divulgence of important official secrets to the public.

Information is one of the vital elements of modern public administration and management. It is all the more so with classified information. As bureaucrats should not withhold the ordinary run of information from public knowledge on dubious grounds, so politicians, journalists or any such interested parties ought to restrain themselves from lavishing or abusing critical information for arbitrary and illegitimate ends.

The practice of classifying and declassifying information for the sake of public and national interest is quite unfamiliar to our administrative and political establishment. We must learn to manage information and official papers consistent with the essential security needs and the accepted procedures of public administration.

Toward that end legal reform will hardly suffice. A strong sense of honor and responsibility on the part of all officials and National Assemblymen is to be expected to bolster legal safeguards against unwarranted leak and mongering of classified papers and information.

**Artist Arrested for Sending Work to Pyongyang**  
SK0708090389 Seoul YONHAP in English 0735 GMT  
7 Aug 89

[Text] Seoul, Aug. 7 (OANA-YONHAP)—A second South Korean artist was arrested by the intelligence agency Sunday on charges related to a painting he did for the Pyongyang youth festival in early July.

The Agency for National Security Planning (NSP) charged Cha Il-hwan with violating the National Security Law because a copy of one of his works, a 77 meter by 2.6 meter painting titled "The History of National Liberation Movement," was on exhibit during the Pyongyang festival.

Cha, the 30-year-old owner of an art gallery named Kaneunpae, did the painting together with 30 other artists, photographed it and then sent the slide to Pyongyang to be reproduced in late May via Korean dissidents in Los Angeles, an NSP official said.

Under Korean law, anybody who communicates with or contacts North Korea faces up to ten years in prison.

Hong Song-tam, president of a dissident artists coalition, was arrested on similar charges last week and more face arrest or interrogation.

The artists who worked on the painting are all members of an artists coalition in Seoul and other four big cities and shared the work by splitting the canvas into 11 pieces.

Cha and five unknown artists also undertook to reorganize several of the 11 pieces, under the theme "self-reliant reunification," for exhibit in three universities since April, the official said.

Kaneunpae was one of the several groups that initiated this collective style of painting in 1987 and so far have produced about 100 works with alleged political tone that seek to awaken or incite anti-American and similar emotions.

The painting done for the communists in the North is a collection of scenes describing the South Korean human rights movement from 1894 to the present day. In 1894, imperial Japan imposed cultural reformation on Korea, calling it modernization, but many Koreans resisted so as to preserve their national identity.

**Students Arrested for 7 August NSP Firebombing**  
SK1108022889 Seoul THE KOREA HERALD  
in English 11 Aug 89 p 3

[Text] Police placed two Seoul National University students under formal arrest Tuesday [8 August] for allegedly firebombing the Agency for National Security Planning facilities early this week.

Sim Chae-chol, 20, and Won Kwang-hyon, both sophomores at the state-run school, were charged with violating the recently-enacted firebomb control law.

According to police, the two students, joined by 14 fellow students, threw a dozen petrol bombs into the compound yard of the NSP in Sokwan-tong, north-eastern Seoul, Monday [7 August].

**Demonstrations Begin Anew at Tongui University**  
SK1108020689 Seoul THE KOREA TIMES in English  
11 Aug 89 p 3

[Text] Pusan—Campus turmoil has recurred recently at Tongui University, less than 10 days after the resumption of classes at the trouble-ridden school.

Students staged campus demonstrations in protest against the government crackdown on leaders of the student council and three professors who collaborated with students for the school reforms.

The private university will once again be shut down if the disturbances will be continued.

Late last month, the Education Ministry lifted a sanction to allow the school resume classes after an 89-day-long campus closure in connection with the tragic death of police on the May 3 incident.

Six policemen were killed during a mission to rescue their colleagues held hostage at the central library building by student activists who set fire to the library with paint thinner.

Hundreds of students boycotted yesterday's final examinations in protest against the government action that expelled three faculty members and more than 100 students.

**Movie Theaters Attacked With Firebombs, Tear Gas**  
*SK1408042789 Seoul YONHAP in English 0238 GMT 14 Aug 89*

[Text] Seoul, Aug. 14 (OANA-YONHAP)—Firebombs and tear gas were tossed into three cinemas where films distributed by United International Pictures (UIP), an amalgam of some big U.S. filmmakers for overseas film distribution, were showing Sunday.

Two firebombs were hurled into Seoul's vacant Cine-house, where "Rain Man" had been showing, burning some seats and curtains and causing 2 million won (nearly 300,000 U.S. dollars) in damage.

In Keukdong Cinema, an audience of 200 rushed out of the cinema sneezing and coughing when tear-gas powder was sprinkled in the front row near the end of Sunday's third showing of "Batteries Not Included."

Ushers at Oscar, where the UIP-distributed film "Indiana Jones and the Last Crusade" was being screened, found tear-gas powder beside the screen just before the fifth show.

Seoul police are working on the assumption the attacks were made by people opposed to UIP's establishment of a network for direct distribution in Korea and have ordered a police guard on the cinemas.

Since UIP started business here early last year with "Fatal Attraction," there has been strong opposition from domestic filmmakers, film distributors, directors and university students majoring in films. In Late May a dozen snakes and ammonium gas were released in a cinema where a UIP film was showing.

**Political Detainees Go on Protest Hunger Strike**  
*SK1308030589 Seoul THE KOREA HERALD in English 13 Aug 89 p 3*

[Text] More than 100 political detainees began a four-day hunger strike at noon yesterday, demanding the abolition of the tough National Security Law, a dissident leader said.

The prisoners at Seoul and Anyang prisons announced, in a statement read by Yi So-sun, 58, cochairman of Mingahyop or the Council of Family Members for Democracy, that "we started fasting to join the people's struggle to end the current political situation," referring to the debate over liquidating the irregularities of the "Yusin Era" or the Fifth Republic.

**Court Upholds Death Sentence for Terrorist**  
*SK2207083389 Seoul YONHAP in English 0628 GMT 22 Jul 89*

[Excerpt] Seoul, July 22 (YONHAP)—An appeals court has upheld the death sentence passed on a North Korean terrorist for the 1987 bombing of a South Korean airliner that took the lives of all 115 people on board.

The appeal by lawyers on behalf of Kim Hyon-hui is "hereby rejected as having no justification," Senior Judge Yi Yong-il of the Seoul Appellate Court declared Saturday.

Yi said the confessed North Korean agent deserved to die for killing 115 "innocent people" on orders from the highest leaders of North Korea, describing her actions as "outrageous and immoral."

Defense lawyer An Tong-il said he will appeal to the Supreme Court within a week, saying that she should be shown lenience because she was duped by the North Korean leaders.

However, it was learned that Kim may be pardoned even if the Supreme Court upholds the verdict because of her potential as a firsthand witness to North Korean atrocities. [passage omitted]

**Japan Asked To Pay Korean Atomic Bomb Victims**  
*SK1408123689 Seoul YONHAP in English 1229 GMT 14 Aug 89*

[Text] Seoul, Aug. 14 (YONHAP)—South Korea has demanded Japan to pay 9 billion Japanese yen (about 63 million U.S. dollars) for a fund to help support Korean victims of atomic bombs dropped on two Japanese cities at the end of the World War II.

A spokesman for the South Korean Foreign Ministry said Monday that the governments of the two countries have been negotiating since July last year to set up the fund to pay for treatment of the Korean victims but failed so far to narrow their differences on the amount of Japan's payment.

Most of the Korean victims of the atomic bombing were those who had been forcibly brought to Japan for forced labor by Japanese colonial rulers during the World War II.

The spokesman, speaking on condition of anonymity, said Japan has ruled out its legal obligation citing the 1965 agreement signed between the two countries for normalization of diplomatic relations, but offered to pay "less" amount than asked for support to the Korean victims in "humanitarian" consideration.

"The two countries, however, will be able to strike a compromise in the future through summit talks or foreign ministers talks," the spokesman said.

The Korean Association of Atomic Bomb Victims asked Japan in November last year to pay 2.3 billion U.S.

dollars in compensation. The Association said the atomic bombing had left a total of 40,000 Koreans dead and 30,000 others injured.

Some 23,000 Koreans injured returned home after the end of the war, and 1,564 are listed still alive, according to the association.

In a separate move, the Japanese Government had decided to pay 42 million yen a year to the Korean Association of Atomic Bomb Victims beginning this year to help support the treatment of the victims.



## Burma

### **Middle Schools Reopen 'Peacefully' Nationwide** *BK1408141389 Rangoon Domestic Service in Burmese* *1330 GMT 14 Aug 89*

[Excerpts] A total of 1,702 middle schools and middle school classes at 729 high schools reopened today in 14 states and divisions of the country. Middle school students are reported to be studying peacefully at the schools.

As middle schools in Yangon [Rangoon] Division reopened today, students were seen arriving at the schools on time despite the monsoon showers. The students were sent to the schools by their parents, while the teachers at the school entrances warmly received them and ushered them to class. [passage omitted]

Officials of divisional and township education departments and responsible township officials toured the schools in their respective regions and provided needed assistance. Meanwhile, primary cooperatives went to the respective schools and sold needed books to the students.

### **Karens Confirm Deaths of Two Foreigners** *BK1408130889 Hong Kong AFP in English 1248 GMT* *14 Aug 89*

[Excerpts] Bangkok, Aug 14 (AFP)—Two foreigners have died on Karen front lines at a besieged base on the Thai-Burmese border, a spokesman for the Burmese ethnic rebel group said Monday [14 August].

Two foreigners have died in Komura camp since it was attacked in April, Karen spokesman Em Marta said, reacting to press reports here of foreigners killed in battles at the camp. "I don't know their nationalities," he added, speaking from a secret location.

Some 30 foreigners, 20 of them French, have helped train Karen soldiers over the past five years, he said.

He said the foreigners were not mercenaries, describing them as "justice lovers" who received rice and a uniform but no salary, like regular Karen soldiers.

American Lance Motley and Frenchman Olivier Thiriati died at Komura in May, according to various reports.

(Frenchman Olivier Thiriati was killed in Burma fighting alongside ethnic rebels near the Thai border, a Burmese military spokesman said in Rangoon Friday.

(Mr. Thiriati was employed by Karen insurgents and died on May 10 at the Komura camp of a shrapnel wound, Burmese military spokesman Than Tun said.)

Lance Motley, 31, a correspondent for SOLDIER OF FORTUNE magazine was reportedly shot in Komura in May and died hours later in a hospital in Thailand.

The pro-government BANGKOK POST on Monday quoted Burmese Major Than Maung, a deputy commander based at Komura, as saying there were no foreigners in the camp on May 10.

The Karen spokesman said he could only confirm the deaths had taken place since April and could not be more precise.

The BANGKOK POST report said that Maj. Than Maung denied writing to Mr. Thiriati's family in France, as claimed by the Burmese military spokesman.

The Karen spokesman said he did not "have any knowledge of Maj. Than Maung writing a letter to somebody." [passage omitted]

(Mr. Thiriati had arrived at the Thai-Burmese border on May 20, 1988 and had conducted arms and commando training for the Karen insurgents and had also joined in the fighting against Burmese troops, Lt. Col. Than Tun said.)

The Burmese military spokesman said citing the letter allegedly sent to family in France, that Mr. Thiriati had arrived at Komura camp with a group of trainees as Burmese troops were attacking.

French Embassy officials in Bangkok and Rangoon denied knowledge of French mercenaries on the Thai-Burmese border.

Karen officials have in private conversations with AGENCE FRANCE-PRESSE acknowledged the death of a "Lieutenant Olivier" at Komura in May and said he was buried near the besieged camp.

A 24-year-old Frenchman who identified himself as Lieutenant Olivier told AFP in Bangkok in March that he was fighting with the Karens.

He asked that his comments not be reported at the time. This request was honored.

But the Frenchman said he had left France in April 1988 for Bangkok, which fits the statement from Rangoon that he had arrived in Komura in May 1988.

Foreigners have been known to serve Karens on their front lines.

The men have usually served in their national armies and claim they are working as unpaid volunteers for the Karens. Some say they are journalists.

**Claim Responsibility for Syriam Bombing**  
*BK1408145089 Hong Kong AFP in English 1422 GMT  
14 Aug 89*

[Excerpts] Bangkok, Aug 14 (AFP)—A Karen rebel carried out a bomb attack at the Syriam Oil Refinery near Rangoon in July and not three people whom Burmese authorities have sentenced to death, a rebel spokesman said Monday [14 August].

"A Karen did it," said spokesman Em Marta, speaking at a secret location about the July 7 parcel bomb explosion which left two people dead and one seriously injured at Syriam, 11 kilometers (seven miles) southeast of Rangoon.

"This is secret information but I am speaking because I do not want those innocent three to hang. I hope it's not too late," Dr. Marta said.

Zaw Gyi, Nyi Nyi U and Moe Kyaw, three members of the main opposition party the National League for Democracy (NLD), were among 18 people arrested in connection with the bombing, authorities in Rangoon announced July 17.

They said the main saboteur, who was still at large, was Moe Thi Ha, alias Aung Naing, an NLD youth organizer who had allegedly left for the Thai-Burmese border in April to undergo explosives training with the Karen insurgents. [passage omitted]

Dr. Marta said he had spoken in a border area with the man who had carried out the attack, a Karen who was among those who fled with students to rebel-held areas after a coup in Rangoon in September.

He said the man was not Moe Thi Ha.

The man was "too old to be a student, around 30," Dr. Marta said, refusing to provide further details. He said he spoke to him in July.

"The one who did that told us those three did not do the bombing," the Karen spokesman said.

Karen leaders have in recent years acknowledged that they are unable to smuggle explosives into Rangoon due to tight security there.

But after the coup, they said they planned on using students who had fled to the border and who are from the Burman ethnic majority to help them infiltrate previously inaccessible areas.

**Delegation Returns From Thai, Singapore Visits**  
*BK1308150389 Rangoon Domestic Service in Burmese  
1330 GMT 13 Aug 89*

[Text] A 19-member Myanma [Burma] trade delegation headed by Colonel Abel, minister of planning and finance and trade, returned by air to Myanma this evening after visiting Thailand and Singapore.

The delegation was received at Yangon [Rangoon] airport by Brigadier General Khin Nyunt, secretary-1 of the State Law and Order Restoration Council; Rear Admiral Maung Maung Khin, minister of construction and mines; Major General Chit Swe, minister of livestock breeding and fisheries and of agriculture and forests; Brig Gen Myo Nyunt, commander of Yangon Military Command; Mr Lam Peck Heng, charge d'affaires ad interim of the Singapore Embassy; Mr Thawatjai Sundrarajun, Thai charge d'affaires ad interim; heads of departments concerned; and responsible officials.

The Burmese trade delegation left Myanma for Thailand on 6 August and proceeded to Singapore on 10 August. During its visits of the two countries, discussions were held on matters concerning bilateral trade, economic, and technical cooperation.

**Executive Changes in Political Parties Announced**  
*BK1408144989 Rangoon Domestic Service in Burmese  
1330 GMT 14 Aug 89*

["Press Release No 139/89 of the Commission for Holding Multiparty Democratic General Elections of the Union of Burma, dated 14 August—the 13th day of the waxing moon of Wagaung, 1351 Burmese era"]

[Text] 1. This is to make public that the following changes to the list of patrons and executive committee members in some registered political parties have been put on record by this Commission:

A. This commission has put on record the information from the Democratic Republican Front, Burma, that Vice Chairman U Myint Kyaing has been permitted to resign, that No 2 Organizer U Hla Pe has been appointed the joint secretary, and that Central Executive Committee Member U Hla Shwe of Myingyan has been appointed as No 2 Organizer.

B. This commission has put on record the notice served by the Peasants Unity Organization that U Kyaw Hla U of Rakhine State, U Kyaw Aye of Shan State, U Tun Maung of Sagaing Division, U Min Lwin of Tenasserim Division, U Shwe Thaung of Irrawaddy Division, and U Aye Ko of Irrawaddy Division have all been admitted to the expanded Central Executive Committee.

C. This commission has put on record the report from the Rakhine Unity and Democracy Association that Secretary U Kyaw Tha has been permitted to resign.

D. This commission has put on record the information supplied by the All Burma National Progressive Democracy Party that U Nyan Tun of Twante has been appointed in place of Joint General Secretary U Zaw Maw of Dawbon, that U Hla Myint of Nyaungdon has been appointed in place of Organizer U Min Zin of Moulmein, and that U Phyo of Kungyangon and U Tin Win of Kanaungto have been appointed in place of Central Executive Committee Members U Kyaw Min of Thaketa and U Aung Min of Magwe.

E. This commission has put on record the notice served by the Kayah State Nationalities League for Democracy that Secretary-1 U Shah Rel, Treasurer U Saw U Rel, and Central Executive Committee Members U Tu Rel, U Saw Kha Lon, and U Aung Myaing have all been permitted to resign and that U Zaw Myint has been appointed as the secretary-1, U Mi Rel Chit Htwe as the treasurer, and U Victor Nane, Daw Kyi Myint Hla, and U April as the members of the Central Executive Committee. In addition, the party has reported that U Thein Nwe, Daw Khin Ohn Su, U Khin Maung, and U Shah Yu have all been appointed to the expanded Central Executive Committee.

## Brunei, Malaysia & Singapore

### Malaysia

**Mahathir Opposes 'Permanent Bases' in Singapore**  
*BK1508063489 Kuala Lumpur International Service in English 0600 GMT 15 Aug 89*

[Text] Malaysia does not want to see an escalation of the arms race in the ASEAN region. Prime Minister Datuk Sri Dr Mahathir said this when answering questions by newsmen in Bangi outside Kuala Lumpur this morning. He was commenting on a proposal by Singapore to allow the United States to establish U.S. military bases in the Republic. The prime minister expressed confidence that the United States and Singapore will not do anything that will jeopardize the concept of a zone of peace, freedom, and neutrality [ZOPFAN].

Malaysia opposes the establishment of permanent bases in the republic. He pointed out that Malaysia has never objected if American forces use facilities in Singapore for supplies, maintenance, and servicing of its warships and planes. The establishment of permanent bases, however, will change the character of ASEAN.

On differing views among ASEAN countries on the issue, the prime minister said this was expected. For example, although all the member states subscribe the concept of ZOPFAN, they have different perceptions.

Datuk Sri Dr Mahathir said he has spoken to the Singapore prime minister, Datuk Lee Kuan Yew, on the matter. His Singapore counterpart has assured him that the Republic is sensitive to the feelings of Malaysia.

The commander in chief of the U.S. Command in the Pacific and the Indian Ocean, Admiral Huntington Hardesty, has also assured Datuk Sri Dr Mahathir that the United States will not do anything that is sensitive to the region. The admiral was in Kuala Lumpur recently for talks with Malaysian leaders.

The prime minister also said that the Singapore Government had informed Malaysia about the move through the deputy high commissioner in the Republic.

Earlier, the prime minister handed over the Malaysian flag to the chef de mission of the Malaysian contingent to the SEA [Southeast Asia] games, Haji Kamarul Ariffin Abdul Rahim.

**Abu Hassan on U.S. Bases, Cambodian Conference**  
*BK1408124389 Kuala Lumpur BERNAMA in English 1209 GMT 14 Aug 89*

[Text] Kuala Lumpur, Aug 14 (OANA/BERNAMA)—The Association of Southeast Asian Nations (ASEAN) partners should hold a discussion to consider Singapore's proposal to host United States military facilities in the Republic, Malaysian Foreign Minister Abu Hassan Omar said Monday.

He said the discussions among other things should include Singapore's motive in making the offer to the US.

However, he reiterated Malaysia's objections to the plan adding that Malaysia will further make known its stand on the matter after the US technical team which was conducting a study on the proposal had made its decision, he added.

"At this stage, it is not known whether the United States will agree to take up Singapore's offer," he told reporters in Alor Star, about 480 km north of here.

Singapore Minister of State for Finance and Foreign Affairs Brig Gen George Yeo said recently that the Republic was prepared to host some US military facilities to make it easier for the Philippines to continue having the American bases there.

The US has two bases—the Clark Air Base and the Subic Naval Base—in the Philippines.

On the Kampuchean problem, Abu Hassan said Malaysia will wait for the outcome of the international conference on Kampuchea, now meeting at official level in Paris, before making an official offer to host negotiations of the Kampuchean warring factions here.

He said Malaysia was prepared to offer assistance towards the solution of the Kampuchean issue, but would only offer to host negotiations here depending on the outcome of the conference in Paris.



The ministerial-level conference, which had been adjourned on Aug 2, would be reconvened for three days from Aug 28.

On the progress of the conference thus far, Abu Hassan said that the four warring factions were still seeking to reach a consensus on the establishment of a transitional government in Kampuchea.

**Commentary on End to U.S. Anti-Palm Oil Campaign**  
*BK1408141089 Kuala Lumpur International Service*  
*in English 0800 GMT 14 Aug 89*

[Station commentary]

[Text] The decision of the American Soybean Association [ASA] to call off its campaign against palm oil usage in the United States has been warmly welcomed by the Malaysian community.

The primary industries minister, Dr Lim Keng Yaik, had made a very constructive suggestion. He called on the U.S. Congress and the state legislators not to proceed with draft laws on the labeling of food products.

The Malaysian palm oil industry was forced to spend much money to counter the vicious and relentless attacks on its products. The Malaysian Government, for its part, took the matter up directly with top officials of the U.S. Administration. Prime Minister Dr Mahathir Mohamed also made representations about this issue to President Bush when the two leaders met in Boston a few weeks ago.

It is regrettable that the American Soybean Association resorted to such despicable tactics. Malaysians were confident that in the end truth and differences would prevail. It was clear from the start that the ASA smear campaign would not result in any benefit for the soybean producers. The (?eventual) result was further confusion among the American consumers. It should have been realized by all concerned that Malaysian palm oil has been on the world market for many years. The United States is by no means the principal buyer of the commodity.

At the same time, the American community should be entitled to know the truth and nothing but the truth about all the edible oils and other food items that it is asked to buy and consume.

It is obvious that the ASA's vicious campaign has led towards deep suspicions toward all types of edible oils in the minds of American consumers. The Malaysian palm oil industry has never feared competition. It also objected to and fought back vigorously with their resort to unfair forms of advertising. To promote the virtues and advantages of one's products is something that no one can complain about. But to promote that product by relating all manner of lies is another matter altogether.

The Malaysian palm oil producers will, of course, continue with vigorous marketing of their product. Research into the nutritional and other qualities of palm oil will be continued and the results will be widely disseminated. In this way, it is certain that the adverse effects from the two years of negative publicity about palm oil will be rapidly overcome.

The campaign mounted by the ASA has provided Malaysian exporters with a realistic insight into American marketing and lobbying. There seems to be very little sensitivity on the part of American lawmakers toward the legitimate right of producers in developing countries to earn a reasonable income. What is equally surprising is that there was no appreciation of the fact that the Malaysian palm oil industry was not asking for any privileged condition. It only tries to look for honest marketing tactics.

Malaysians are confident that they will be able to find more markets for their esteemed product—palm oil.

**Arrival of SRV Squad for SEA Games Postponed**  
*BK1208092889 Kuala Lumpur International Service*  
*in English 0800 GMT 12 Aug 89*

[Text] The Vietnamese SEA [Southeast Asian] games squad has postponed its arrival for the biennial games to late next week, instead of today. A spokesman of the games secretariat in Kuala Lumpur said no reasons were given.

Vietnam will be sending a 64-member contingent for the Games for the first time after a lapse of 16 years. The 15th SEA Games is from 20 to 31 August.

**Minister on Pushing Back Vietnamese Refugees**  
*BK1208121289 Kuala Lumpur BERNAMA in English*  
*0731 GMT 12 Aug 89*

[Text] Kuala Lumpur, Aug 12 (OANA-BERNAMA)—Deputy Prime Minister Ghafar Baba said Saturday that reports on Malaysia pushing back Vietnamese boat people from its shores resulted from a misunderstanding among several quarters.

Denying the reports, Ghafar, who is the chairman of the cabinet committee on the Vietnamese boat people, said the boat people landed only to obtain food supplies before setting sail for their intended destinations.

He said the government also did not receive any official protest from the United Nations High Commissioner for Refugees (UNHCR) office on the matter.

Foreign wire agencies recently reported that Malaysia pushed back about 900 boat people since May and the UNHCR had filed a protest against the government.

**Law Gives Foreign Banks Full Ownership**

*BK1008135589 Kuala Lumpur BERNAMA in English  
0420 GMT 10 Aug 89*

[Text] Kuala Lumpur, Aug. 10 (OANA-BERNAMA)—Foreign banks operating in Malaysia will be allowed to retain full foreign ownership upon local incorporation, the government said Wednesday.

Finance Minister Daim Zainuddin said the enactment of a new banking law would soon make it a legal requirement for the branches of foreign banks operating in Malaysia to be incorporated locally.

He stressed that there were no ulterior motives in the move because the foreign banks could still operate as they do now.

"This is merely an exercise in good housekeeping to place all banks operating in Malaysia on the same legal footing," he said.

There are 16 branches of foreign controlled-banks currently operating in Malaysia.

**Ruling National Front Party Wins By-election**

*BK1308015289 Hong Kong AFP in English 0127 GMT  
13 Aug 89*

[Text] Kuala Lumpur, Aug 13 (AFP)—Malaysia's ruling National Front was Sunday declared winner of a by-election in the eastern state of Pahang, its second victory in two weeks.

The elections commission said that Kan Tong Leong, fielded by Prime Minister Mahathir Mohamad's 12-party coalition, had obtained 8,014 votes in Saturday's poll to keep the government seat in the Pahang legislature.

A new coalition of Muslim moderates, fundamentalists and ethnic Chinese headed by Dr. Mahathir's arch-rival, former Trade Minister Tengku Razaleigh Hamzah, did not contest the poll at Teruntum, a semi-urban constituency.

But two independent candidates picked up a total of 4,172 votes or 33.5 per cent of ballots cast in the constituency widely regarded as a government stronghold.

**Final Results Reported**

*BK1308134089 Kuala Lumpur RTM Television  
Network 1  
in Malay 1200 GMT 13 Aug 89*

[Excerpt] The Barisan Nasional's victory at the Teruntum State by-election in Pahang has obviously proved that it has the support of the people. Its candidate, Kan Tong Leong, won the by-election with a majority of 5,717 votes.

[Begin recording of unidentified election returns official]  
I herewith would like to announce the results of the Teruntum by-election as follows:

1. Kan Tong Leong, Barisan Nasional—8,014 votes;
2. (Pahil bin Mohamed), Independent—1,875 votes; and
3. (Yong See Fai), Independent—2,297 votes. [end recording] [passage omitted]

**National Party Support Seen as Eroding**

*BK1308043389 Hong Kong AFP in English 0353 GMT  
13 Aug 89*

[Text] Kuala Lumpur, Aug 13 (AFP)—Prime Minister Mahathir Mohamad's National Front was Sunday declared winner of a by-election in the eastern state of Pahang, but saw its support in the traditional stronghold slip slightly.

The elections commission said the National Front's Kan Tong Leong polled 8,014 votes in Saturday's poll to keep the Teruntum seat in the Pahang state legislature.

But the ruling party saw its margin of victory on the candidate who came in second in the largely urban constituency slightly cut from 6,001 votes in the 1986 poll to 5,717 votes for Mr. Kan, despite the absence of a strong opposition.

Mr. Kan, drawn from the Malaysian Chinese Association (MCA), one of 12 parties in the National Front, had only two independent candidates to contend with after Dr. Mahathir's arch-rival, Tengku Razaleigh Hamzah, chose to stay out.

The two independents, however, polled together 4,172 votes or some 33.5 per cent of the 12,443 ballots cast, while there were 257 votes declared spoilt, the elections commission said. Fifty-one per cent of voters went to the polls, down from 65 per cent in 1986, according to election commission figures.

The by-election win was Dr. Mahathir's second this month after the National Front lost the contest for a seat in the northeastern Trengganu state legislature seven weeks ago to Mr. Razaleigh's fledgling coalition of Muslim moderates, fundamentalists and ethnic Chinese.

The National Front last weekend won a contest in southern Johore State, staving off a strong challenge by Mr. Razaleigh's coalition.

The coalition is bidding to form the government after Malaysia's next general election, which Dr. Mahathir must call by late 1991.

Analysts said that the unexpected strong showing by the two independents at Teruntum, a racially mixed constituency, indicated that Mr. Razaleigh may have sizeable pockets of support in areas considered strongly pro-government.

But National Front officials said the absence of a strong opposition kept voters away and affected the coalition's performance.

Pahang Chief Minister Khalil Yaakob said the ruling coalition's victory was yet another indication that Malaysians backed Dr. Mahathir's government, the English language daily, THE STAR, reported.

### Singapore

**Parliamentary Committee Supports U.S. Presence**  
BK1408145189 Singapore Domestic Service in English  
1400 GMT 14 Aug 89

[Text] The Government Parliamentary Committee [GPC] for Defense and Foreign Affairs has supported the government's position on hosting certain U.S. military facilities. It says the move was considered towards regional security. In a statement by its chairman, Mr S. Chandra Das, the GPC notes that although there has been a reduction of international [word indistinct], there has been no decrease in the military strength for major powers in the Asia-Pacific region. On the contrary they have improved their defense spending and expanded and modernized their armed forces in the Pacific. The GPC adds that while there is no immediate threat to regional security now, except for the conflict in Cambodia, there is always the possibility of escalating involving the major powers should a civil war break out after the Vietnamese withdrawal. It points out that the foreign military presence is not new in the ASEAN region.

Singapore and Malaysia have always hosted and continue to host foreign military forces. The hosting of U.S. facilities should therefore be seen as an extension of such a foreign presence. All of them contribute to regional security and stability. The GPC feels that ASEAN should ensure there is a deterrent against any potential aggressor and all ASEAN governments agree that U.S. military presence would provide that deterrent. None of them have called for American withdrawal from the region. At the same time, the U.S. wants to maintain the deterrent power in the region that faces the natural difficulties and pressures from domestic forces. It has called on Japan, South Korea and other ASEAN countries to cooperate with it to maintain peace and security in the region.

The GPC sees the Singapore Government's decision as a practical contribution on the part of an ASEAN partner, prepared to accept the financial and political cost of ensuring that the U.S. deterrent power remains. It also recommends that the government gets a firm commitment from the U.S. that its presence will not lead to undesirable social or cultural consequences in Singapore and neighboring countries.

**Daily Counters Anti-U.S. Bases Arguments**  
BK1308093089 Singapore THE STRAITS TIMES  
in English 11 Aug 89 p 26

[Commentary by Sunny Goh of THE STRAITS TIMES Political Desk: "Attacks on Singapore's Position Unfounded—Republic Wants To See Balance of Power Maintained"]

[Text] So, once again, Singapore is damned if it does and damned if it doesn't.

Before, when Singapore argued for a continued US presence in the region, the jibe was that it could do so because it knew the bases were a comfortable distance away on someone else's soil.

Now, when it signals readiness to share the burden, it is accused of undermining the effort towards an important ASEAN peace objective, increasing regional tension, advancing its own narrow economic interest and more.

These accusations are unfair and unfounded. They stem from a reading of Singapore's intentions that is about as accurate as the conclusion drawn by those proverbial blind men trying to tell what an elephant is by groping parts of the animal.

They deserve closer scrutiny, and a response just so to set the record straight. But first, the facts.

When the Minister of State for Finance and Foreign Affairs, Brigadier-General [BG] (Reservist) George Yeo, first made the announcement in Parliament on August 4, he could not have laid more stress on the fact that it was all very exploratory.

The survey visit by the American fact-finding team was not to be a commitment of any sort.

Neither side had given any indication of the size and nature of the facilities that might be agreed upon eventually.

BG Yeo took pains to point out that tiny Singapore could never replace Clark and Subic Bay.

So why did Singapore make the offer? Singapore has never shied away from stating publicly that it would like to see a continued US presence as part of the balance of power in this region.

And it believes that the security and stability that stem from such a presence has allowed ASEAN countries to focus on economic development.

With the Philippines under pressure from vocal sections of its public on the issue of US bases, and with its officials saying aloud that others ought to share their country's political burden, Singapore came forward with its offer.



Knowing how sensitive the question of foreign military presence could be, it advised all its ASEAN partners of its intention well beforehand.

Now, what is one to make of the criticism heard almost daily since BG Yeo made his statement, the most eloquent, and stinging, of which came on Wednesday in the NEW STRAITS TIMES from a columnist who, for reasons best known to him, or her, chose to write under the pen-name of Bunn Nagara?

Consider first, in no particular order of importance, the suggestion that Singapore's move could upset both the defence standing and political complexion of ASEAN.

How so, one wonders, when the Philippines, a founding member of ASEAN, has been host all these years to huge American bases and Singapore is offering no more than relocation of some of the US facilities?

Furthermore, it is no secret that the US Navy and Air Force have been allowed to use facilities in Singapore all along on an ad-hoc basis, and making that a regular arrangement is hardly going to raise the ante. Next, the ASEAN goal of a Zone of Peace, Freedom and Neutrality (Zopfan).

The suggestion here is that Singapore's offer will undermine effort at realising the objective.

While Singapore supports Zopfan, only the inordinately optimistic will believe that it is around the corner.

Until it arrives, the military presence of superpowers and regional powers is a reality to be ignored only at one's own peril.

To deny the US facilities from which it can project its force and balance that from other sources, and so keep sea lanes open and ASEAN economies vibrant, is to court a power vacuum that will prove irresistible to pretenders in the region.

The painful truth is that even as this is being written, submarines are manoeuvring from the Indian Ocean to the Pacific Ocean, and vice versa through South-east Asia, with nary a care or thought about Zopfan.

So too, sad to say, aircraft sent on reconnaissance or other specific military mission, for which unauthorised overflight is almost routine.

One should not forget that Soviet reconnaissance, interceptor, ground-attack, and anti-submarine warfare aircraft are now permanently based at Cam Ranh in what was South Vietnam.

And Bear aircraft, with intelligence-gathering capability, and Badger aircraft, with capability to strike targets throughout the region, are nothing new on regional radar screens.

A third accusation against Singapore is that Singapore's offer, if taken up, will increase the US military presence in this region and provoke a Soviet build-up in response.

That hypothesis, no more valid than any assertion by Vietnam that it is in full control of Cam Ranh Bay, is based on several assumptions.

First, it presupposes that the US will eventually operate a base here on a scale that will significantly tilt the balance of power in its favour.

That is counting the chickens before they are hatched and not in keeping with the tenor of what BG Yeo said about Singapore's limited size when it came to accommodating US facilities and men.

Second, it assumes that the US will retain everything it has in the Philippines and on top of that, get additional facilities here.

But Singapore's objective, as BG Yeo stated categorically, is to maintain the status quo, not change it.

Third, the hypothesis rests on the belief that the US presence in the Philippines is exactly equivalent to that of the Soviet Union in Vietnam.

But the fact is that as it is, the reported average number of Soviet ships in Cam Ranh Bay, about 25 per month, is already double the average number of American ships at Subic Bay.

Then, there is the suggestion that Singapore is making the offer because it wants to benefit economically from having American facilities on its soil.

But that argument does not make much sense. To begin with, in a land-scarce Singapore, sites laid aside for the Americans, or any foreign military power for that matter, could easily fetch higher and more profitable returns if put to commercial or industrial use.

And Singapore cannot have forgotten the very bitter lesson of how an economy overly dependent on the presence of British forces nearly went under when Britain decided to pull them out.

However, it cannot be denied that a continued US presence will bring economic benefits—but the benefits are for all in the region.

If nothing else, it bolsters investor confidence in the region, and should spare regional governments the pain of having to spend more on their defence.

Lest it be forgotten as critics got too caught up taking nationalistic positions on the issue, records showed that many countries in this region benefitted from US military aid.

Surely it borders on sophistry to argue that accepting military aid in cash and kind from the Americans is all right but allowing them the use of facilities is not.

Yet another criticism is that Singapore will end up as a kind of Israel of South-east Asia if it allows a US military presence on its soil.

That argument is an injustice not only to Singapore but its neighbours as well.

The imagery of Singapore as an Israel is valid only if this island republic is surrounded by hostile neighbours bent on its destruction.

One can go on and on, responding to other rather misconceived accusations but at the end of the day, critics might do well to ponder the following questions:

—If peace and neutrality are paramount objectives and cannot be achieved if there is foreign military presence in the region, then should not the US leave the Philippines altogether?

—And if the US is to leave, then what about the Russians in Vietnam? If the Russians cannot be persuaded to leave, then ought there be a unilateral dismantling of the US presence in the Philippines that has given the region so many peaceful and prosperous years?

—Does ASEAN have a better alternative to the security umbrella now provided by the US?

—Why is the presence of Australian and New Zealand facilities in the region acceptable and not that of the US?

Finally, one point made by Bunn Nagara cannot be left untackled.

He, or she, wrote: "Playing host to foreign servicemen was universally known to invite a diminution of local culture and values, and threats to social decorum.

"It is a danger that could easily overflow into neighbouring countries with accessible gateways. If governments do not show enough concern, sections of their populations will." Was that purely an expression of neighbourly concern? Or was more intended?

## Cambodia

**Hun Sen Views Result of Paris Conference**  
BK1208154889 Hanoi VNA in English 1510 GMT  
12 Aug 89

[Text] Hanoi VNA August 12—Cambodian Prime Minister Hun Sen has said that the Paris International Conference on Cambodia is a step forward in the search for a peaceful solution to the Cambodian conflict, though there remain many obstacles, especially the Pol Pot problem, SPK reports.

Speaking at a meeting in Phnom Penh this morning of senior officials from central offices, cities and provinces on the results of the fifth round of Hun Sen-Sihanouk meetings, the round-table Khmer-Khmer talks and the Paris International Conference on Cambodia, Hun Sen criticized a number of countries and personalities for seeking to maintain the Pol Pot Khmer Rouge's military and political role.

He said: "If these countries and people want a solution to the international aspect of the Cambodian problem, the restoration of peace and national reconciliation and the aversion of a civil war in Cambodia, they should join efforts in eliminating the criminal Pol Potist Khmer Rouge."

"There is no reason for maintaining the Pol Pot Khmer Rouge militarily and politically and allowing it to share power with the Cambodian people victimized by the Pol Potists. Those members of the Pol Pot ranks who have not yet given up their arms or turned their weapons against the Khmer Rouge should not be allowed to take part in political activities to prevent the reemergence of another genocidal regime."

With regard to the transitional period being discussed by the ad-hoc committee of the Paris international conference, Hun Sen said:

"The other opposing Khmer factions are striving to open the door for the Pol Potists' return to power. They have brazenly trampled upon the Cambodian people's right to self-determination by urging the formation of a quadripartite government including Pol Pot's military and political forces before the holding of general elections. They have made no mention of the elimination of the Pol Pot Khmer Rouge, but instead spoken of sharing power."

Hun Sen stressed that only the Cambodian people are fully entitled to decide the future government and leaders of Cambodia through general elections. Therefore, there will be no quadripartite government before the holding of general elections, he said.

Exploding allegations made by the Khmer Rouge and its allies in the so-called "tripartite coalition government" on Vietnamese troops disguised as Cambodian soldiers and civilians, Prime Minister Hun Sen pointed out that "the enemy is resorting to such slanderous charge in preparation for a civil war after the complete pull-out of Vietnamese volunteer forces." He urged the central and local administrations throughout the country to be on the lookout against any sabotage attempt of the enemy and ensure a peaceful political settlement of the Cambodian problem.

**PRACHEACHON Editorial on UN Team**  
*BK1308105189 Phnom Penh Domestic Service  
in Cambodian 2300 GMT 12 Aug 89*

[PRACHEACHON editorial: "Welcome to the Mission To Seek the Facts"—date not given]

[Text] A 14-member fact-finding team headed by Norwegian Lieutenant General Martin Vadset arrived in Phnom Penh on Monday, 7 August 1989, on an 8-day mission to seek, investigate, and collect information. The team was set up through a proposal by the UN secretary general—who attended the Paris International Conference on Cambodia and declared that he had nothing to do with the erroneous resolutions on Cambodia adopted by the United Nations over the past 10 years—and through the approval of the conference participants, including Comrade Chairman Hun Sen, head of the State of Cambodia's delegation, who declared his welcome and readiness to give all kinds of cooperation and assistance to the team.

This team is actively fulfilling its duties decided upon by the Paris International Conference on Cambodia. Throughout Cambodia, the Government of the State of Cambodia has provided the team with all kinds of conditions, facilities, means, security, and full freedom for it to carry out its tasks.

After fulfilling its mission in Cambodia, this team is scheduled to leave for Ho Chi Minh City in the SRV and to fulfill a great deal of work in Bangkok and in the camps along the Cambodian-Thai border. At the conference, the tripartite Democratic Kampuchean group, including Khieu Samphan who was pressured by China, agreed to help the team.

Recently, Khieu Samphan declared that he would not provide transportation and security for the team in its mission to the camps along the border. This clearly shows that Khieu Samphan continues to resort to all kinds of abject maneuvers to prevent the facts of the Cambodian problem from being discovered and exposed. This is also a continuation of an abject scheme to further justify the lie, which was repeatedly uttered at the conference by Sihanouk, Son Sann, and Khieu Samphan, about Vietnam's sham troop withdrawal and Vietnam attempting to continue its presence in Cambodia.

Having suffered the war of destruction, the genocidal policy, and the war caused within the alliance of tripartite Democratic Kampuchea by the Khmer Rouge group, which for the past 10 years has continued trying to destroy the Cambodian people's rebirth, the Cambodian people want nothing else but peace.

We have both the real goodwill and the entire Cambodian territory in our control to enable this team to launch its activities to seek and investigate the facts. This is

contrary to the obstinate stance of the opposing Cambodian groups, which have refused to accept this mission only because they do not actually have any of the territory that they claim to be in their control.

We support and will give full assistance to this team in fulfilling its duties in Cambodian territory. We are convinced that the facts regarding the sources of the Cambodian people's misery will frustrate all of the enemy's slanders and provide the correct background for the international conference on Cambodia to examine and base a decision on. Willingly or not, this should cause the United Nations, which for the past more than 10 years has recognized only the Pol Pot gang and opposed the State of Cambodia, to reconsider the 10 erroneous resolutions it adopted on the Cambodian problem, thus rendering itself worthy of its prestige.

Moreover, the United Nations may play a role in the solution to the Cambodian problem only after it stands on the basis of being an intermediary authority that does not lean toward any side.

**Deputy Foreign Minister Interviewed on Talks**  
*PM1508080489 Paris LE MONDE in French  
12-13 Aug 89 p 4*

[Interview with First Deputy Foreign Minister Dit Munti by Thierry Desjardins in Phnom Penh—date not given; first two paragraphs are editorial introduction]

[Text] "We have always said that we are prepared to discuss everything and make many concessions to ensure that peace is finally restored to our country which has experienced so many years of misfortune."

In his office in Phnom Penh's foreign ministry on the banks of the Mekong, Dit Munti was "rather optimistic." As first deputy foreign minister (the minister is none other than Prime Minister Hun Sen), he is the real "boss" of Phnom Penh's diplomacy. He attended the opening of the Paris conference and will return for the closing session.

LE FIGARO: What concessions have you made?

Dit Munti: We have made numerous concessions. At first, our enemies demanded the withdrawal of the Vietnamese forces, and we asked for the Khmer Rouge, who were responsible for the genocide of 3 million Khmer, to be prevented from returning to power. The last Vietnamese soldier will leave Cambodia on 27 September.

Our enemies asked for the immediate formation of a coalition government. That is impossible before the elections, because it is for the people to decide. Indeed, we are proposing the immediate formation of a "supreme leadership council" comprising all the factions



which will have the job of planning, running, and monitoring the elections. This supreme leadership council will establish the electoral law, draft a constitution, and solve the problem of the armed forces, in short, it will have considerable powers.

In France, Sihanouk is now proposing a quadripartite "higher authority." We can have discussions: This idea of a higher authority is halfway between our idea of a supreme council and their idea of a coalition government.

LE FIGARO: Will you accept everybody in this supreme council, including the Khmer Rouge?

Dit Munti: Yes, including the Khmer Rouge, aside, of course, from the war criminals who are on our blacklist and whom we never want to see in Cambodia again: Pol Pot and Khieu Ponnary, his wife, Ieng Sary and Khieu Thirith, his wife, Khieu Samphan, Ta Mok, Son Sen, and Nuon Chea. But the others can form part of this Supreme Council.

LE FIGARO: It is said that you were prepared to welcome Prince Sihanouk into the present government.

Dit Munti: We have always said that if Sihanouk or Son Sann first separated from the Khmer Rouge, they could return to Phnom Penh and play an important role. Sihanouk will have an essential place. Of course, it is not easy, because he only knows how to be king or prime minister.

LE FIGARO: What do you think will happen?

Dit Munti: The Vietnamese will leave. The quadripartite organization with the job of organizing and monitoring the elections will be set up, while our present government deals with current business, refraining from any interference in the elections.

The elections will take place before the end of December, and then the two governments, ours and the resistance government, will disappear, and a new government, emerging from the elections, will take control of the country and rebuild it. Throughout that time, of course, there will be a general cease-fire and all the troops will remain at their bases in the zones which they control.

LE FIGARO: So, you recognize that some areas are in the hands of the Khmer Rouge or the Sihanoukist national army?

Dit Munti: Yes.

### Everything Can Be Discussed

LE FIGARO: Are you prepared for the United Nations to monitor this cease-fire and these elections?

Dit Munti: Everything can be discussed. We agreed that, within the framework of the international monitoring mechanism which the Paris conference could set up, Mr Perez de Cuellar can send a fact-finding mission, which is now here. But things must be clear: It is not a UN mission or even a mission sent by the UN secretary general. This mission has been sent by Perez de Cuellar "on a personal basis" and does not fall within the Paris conference framework. The United Nations does not recognize us. It is a Khmer Rouge who occupies Cambodia's seat at the United Nations. However, if the United Nations made a gesture, and declared Cambodia's seat vacant at its next General Assembly, everything would become possible.

LE FIGARO: You have just changed your flag. It was entirely red. It is now red and blue. You have just amended your Constitution. Buddhism is now the state religion. These are important concessions to your opponents. Are you prepared to abandon your Marxist ideology to achieve national reconciliation?

(Dit Munti burst out laughing—LE FIGARO editor's note)

Dit Munti: Ours is not really a socialist regime. Cambodia is a unique country, it cannot copy others. Look at our new economy: It is mixed.

Other people must revise everything they have hitherto thought about us. We are merely responding to the people's aspirations. The people are Buddhist, we have decreed that Buddhism is the state religion. The people want a more liberal economy, we have opened up our economy. Circumstances demand it. It is not we who are changing our ideology.

LE FIGARO: What are your aims for the elections?

Dit Munti: We will have 80 percent of the votes, the Khmer Rouge will have nothing, Son Sann will have 4 or 5 percent, and Sihanouk will have the rest, in other words 15 percent at most. The West is wrong if it imagines that Sihanouk is still popular. He left the country 19 years ago. The young people—more than 50 percent of the population is less than 20 years old—do not know him. And the old people, who all suffered during the genocide, have not forgiven him for his alliance with the Khmer Rouge.

LE FIGARO: On the eve of the start of the Paris conference, the Khmer Rouge attacked various provinces in the west and the north. Are you not afraid that, after the complete withdrawal of Vietnamese troops, the Khmer Rouge may be able to seize power by force?

Dit Munti: No. First, it was not the Khmer Rouge who attacked. It was we who launched a major offensive. Several hundred Khmer Rouge were killed and we even took 200 prisoners from Sihanouk's army. We no longer fear the Khmer Rouge. They are only between 10,000

and 12,000 fighters. They can no longer overthrow us, but if some people continue to help them, it is true that they will be able to continue their guerrilla warfare.

LE FIGARO: Do you have the impression that those who are helping the Khmer Rouge are now changing?

Dit Munti: Unfortunately, as regards China, there is no notable change although, at the Paris conference, Beijing's foreign minister pretended to exert pressure on the Khmer Rouge. Beijing needs to win forgiveness for the Tiananmen Square massacre.

With regard to the Thais, things are improving. They are tired of supporting the Khmer Rouge in vain for 10 years. The notion of profit counts a great deal for the Thais, and relations between Bangkok and us will shortly be normalized.

LE FIGARO: Are you optimistic?

Dit Munti: Yes, fairly. Moreover, we showed optimism by going to the Paris conference.

**Report on Banteay Meanchey Youth Joining Army**  
*BK0908042989 Phnom Penh Domestic Service in Cambodian 1200 GMT 8 Aug 89*

[Excerpts] The year 1989 is the year when our innate forces of all categories are advancing toward assuming responsibilities for the national defense tasks.

Phnum Srok is one of the districts in Banteay Meanchey Province that has been paying attention to building the armed forces. [passage omitted]

In the first phase of 1989, the district welcomed more than 1,000 youths who have volunteered to serve the Army. This amounts to more than 270 percent of the recruitment plan. [passage omitted]

**CGDK Memorandum Alleges Vietnamization**  
*BK1508090289 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 14 Aug 89*

["Prologue" of the memorandum entitled "The Vietnamese Settlers in Cambodia Are the Main Obstacle to the Restoration of Independence, Peace, and Neutrality in Cambodia" submitted by the delegation of the tripartite resistance forces of the Coalition Government of Democratic Kampuchea [CGDK] to the secretary general of the Paris International Conference on Cambodia in the 6 August letter signed by Prince Chakkrapong, representative of Samdech Norodom Sihanouk; Keat Sokun, representative of His Excellency Son Sann; and Thiounn Prasit, representative of His Excellency Khieu Samphan, and circulated as an official document of the Paris International Conference on Cambodia—read by announcer]

[Text] Prologue

1. Lately, the Hanoi leaders who are purposely becoming more flexible toward the so-called Cambodian problem have publicly announced that they will withdraw all of their troops from Cambodia by the end of September 1989. The question posed is whether their pledge will come true? People will have to wait and see.

2. However, Vietnam's military occupation of Cambodia, including the systematic dispatch of Vietnamese nationals to resettle the country; the establishment of the Phnom Penh regime; the exercise of its full control over the regime; and the changes of Cambodia's cultural, social, and economic structures, reflect its domination of the country.

3. For many years, the Hanoi authorities have seemed to create a strategy of victory and irreversibility in Cambodia. For them, the Vietnamization of Cambodia is a key policy, and even after the forced withdrawal of Vietnamese troops from Cambodia, although not yet complete, the implementation of the Vietnamization—a scheme to swallow Cambodia—would basically be achieved.

4. While using the word goodwill, Vietnam has performed its Vietnamization policy in order to constantly and systematically change the real geographical situation of Cambodia, the legitimacy of Cambodia, and the composition of its people with the aim of achieving a scheme which French humanist Mrs (Marie Alexandria Martin) calls a rapid breeding plan.

5. For years, the Vietnamization policy implemented in Cambodia has caused concern to the international community. In August 1986, Samdech Norodom Sihanouk, leader of the Cambodian resistance and president of Democratic Kampuchea, appealed to the world community to help save Cambodia from being eradicated by the appalling scheme, saying: The continued implementation of the Vietnamization policy in Cambodia through the shipment of thousands of Vietnamese nationals to resettle in strategically important regions of Cambodia remains a great concern for the world community.

**Commentator Rejects Hun Sen's 'Boastful' Remark**  
*BK0908104789 (Clandestine) Voice of the Khmer in Cambodian 0430 GMT 9 Aug 89*

[Station commentary by Uch Sunnari: "Does Cambodia Really Belong to Mr Hun Sen?"]

[Text] Mr Hun Sen, representative of the Vietnamese-installed Phnom Penh regime, claimed at a recent Paris news conference that Cambodia belonged to him and to the Vietnamese-backed Khmer Rouge group of the seventies. Concerning such a boastful, arbitrary, and preposterous remark, the Voice of the Khmer which represents the will of the Cambodian people in general would like to open the eyes of Mr Hun Sen and the Vietnamese-backed Khmer group to the following truth. We would like to tell Mr Hun Sen and his associates that Cambodia

with all its 181,035 square kilometers of land mass belongs to all Cambodians. It is not the exclusive property of the Hun Sen-Heng Samrin group at all.

In making that claim, Hun Sen gave the impression that Cambodia was already under his control. Are the Cambodian people so dumb as to place the destiny and survival of the Cambodian nation in the hands of the Heng Samrin-Hun Sen regime and Vietnam? Hun Sen's boastful statement was thoughtless, vile, and parochial, for the truth is something totally different. In fact, all Cambodian patriots are resolutely opposed to the idea of letting the Vietnamese-installed regime continue to control Cambodia, for the Cambodians clearly see the right way to follow. To enable the Cambodian nation to survive, all Cambodians must at all costs wrest back complete independence from Vietnam. Cambodia's national independence can be restored only when all Cambodians have the right to hold free elections. For the Cambodians to be the masters of Cambodia, they must never allow the Cambodian nation to remain under a pro-Vietnamese regime.

The current Paris international conference is the best opportunity for Cambodia to regain its independence. However, Hun Sen continues repeatedly to speak the language of the Vietnamese lackeys. Worse still, Hun Sen has even tried to persuade other patriots to become Vietnamese lackeys like him. This most clearly shows that Hun Sen wants Cambodia to become a Vietnamese slave forever. For this reason, all Cambodian patriots must never allow the Cambodian nation to perish. All Cambodians must vehemently denounce Hun Sen's abject idea and must continue to struggle until Cambodian independence is achieved. We Cambodians do not fight for power, nor do we want to prolong the suffering and misery of the Cambodian people. We fight instead to defend and perpetuate the Cambodian nation and land. We cannot bear the thought of seeing future Cambodian generations wearing Vietnamese gowns and squeaking the Vietnamese language all over Cambodia. The Cambodian patriotic forces will certainly prevail over the aggressive forces and traitorous Cambodian gang.

**Four-Party Coalition Government Supported**  
*BK1208050889 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 11 Aug 89*

[Station commentary: "Only an Equal Four-Party National Reconciliation Is Genuine"]

[Text] Samdech Norodom Sihanouk, leader of Cambodia's national resistance forces and president of Democratic Kampuchea, proposed an equal four-party national reconciliation, equal in government, military, administration, equal from top to bottom. This proposal is the most reasonable and just proposal.

In the past, the Coalition Government of Democratic Kampuchea [CGDK], which is the legal government, had been kind to the puppets and traitors to the nation

that Vietnam has propped up in Phnom Penh by proposing that these puppets take part in the four-party coalition as an equal, meaning that Cambodia's national resistance forces—which are the forces fighting the Vietnamese for national liberation—agree to accept Vietnam's lackeys and puppets as long as they stop serving Vietnam and stop being Vietnam's slaves and become free people. They will be allowed to take part in the four-party coalition as equals: equal in government, military, and administration. This is genuine national reconciliation with no one dominating anyone. This would ensure that Cambodia enjoys security and peace and that there is no civil war in Cambodia. This is the sincere goodwill of the CGDK and Cambodia's national resistance forces, which want to have genuine national reconciliation.

The majority of countries taking part in the Paris international conference also clearly realize the importance of this four-party national reconciliation. This is why people have demanded that, on the one hand, Vietnam withdraw all its aggressor troops from Cambodia under effective control of the UN international control commission, and on the other, a provisional four-party coalition government headed by Samdech Norodom Sihanouk be set up.

However, the Hanoi Vietnamese rejected this reasonable four-party national reconciliation. They have ordered their puppets and lackeys to again and again talk about national reconciliation within Vietnam's puppet regime which is directly run and controlled by Vietnam. No one can accept this kind of national reconciliation. Not the Cambodian people; and not Cambodia's resistance forces. Because this kind of national reconciliation requires that Cambodia's nationalist resistance forces go into Vietnam's tiger cage and that they kneel in submission to Vietnam and let Vietnam annex Cambodia at will and let Vietnam continue its occupation in Cambodia forever as a colonialist. Therefore, reconciling the nation this way is tantamount to continuing the war. Neither Cambodia nor Southeast Asia will have peace and security.

Through the concrete and stubborn acts of the Vietnamese enemies who rejected the CGDK's reasonable national reconciliation as well as every proposal to politically solve the Cambodian problem through other means, people can clearly see that the Vietnamese enemies are not sincere in solving the Cambodian problem politically; do not want to end their war of aggression in Cambodia; do not want national reconciliation in Cambodia; and do not want Cambodia and the whole of Southeast Asia to regain peace, security, and stability. The Vietnamese still want to continue their war to control Cambodia through their puppets.

The Cambodian people do not need the deceitful national reconciliation of the Vietnamese. The Cambodian people need an equal four-party national reconciliation, equal from top to bottom, because only this would



ensure genuine peace, security, and stability in Cambodia. Therefore, the Cambodian people appeal to the Paris International Conference on Cambodia—which is continuing the discussion to solve the Cambodian problem—and to the entire international community, to continue pressuring more vigorously the Hanoi Vietnamese aggressors to force them to accept this equal four-party genuine national reconciliation along with the withdrawal of all Vietnamese aggressor troops from Cambodia under the effective supervision of the UN international control commission.

### Need for UN Supervisory Role Explained

BK1508043989 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 14 Aug 89

[Station commentary: "Only Through a Meticulous, Genuine, and Effective Supervision Can the Real Situation in Cambodia Be Known, and Proper and Correct Measures Be Taken"]

[Text] The Hanoi Vietnamese and puppet Hun Sen—Vietnam's lackey in Phnom Penh—have successively rejected a role for a UN international peacekeeping force to conduct a genuine and effective supervision over the issue of the withdrawal of Hanoi Vietnamese aggressor troops from Cambodia and a comprehensive supervision in Cambodia. Here are the reasons of the Hanoi Vietnamese and the puppets they have created in Phnom Penh for promptly rejecting a role for a UN international peacekeeping force:

1. The Hanoi Vietnamese have disguised Vietnamese troops as puppet soldiers and mixed them with units of the puppet army; there are currently over 30,000 of these disguised soldiers. The Vietnamese still continue to disguise Vietnamese troops as puppet soldiers and introduce them into units of the puppet army.

2. The Hanoi Vietnamese have set up a Vietnamese militia force. A group of militiamen is set up among between 10 and 20 families. These militiamen dress as civilian Cambodians. There are currently 60,000 of them.

3. The Hanoi Vietnamese have assigned Vietnamese cadres who are in charge of controlling state authorities and experts in sabotage and spying activities. There are 50,000 of these people hidden among over one million Vietnamese nationals who have illegally settled in various Cambodian provinces.

4. Apart from this, there are Vietnamese officers—from the ranks of sub-lieutenant, lieutenant, captain, and major—who are fluent in Cambodian. Tens of thousands of these officers marry Cambodian women and hide themselves among the Cambodian people. Their task is to control the puppet state authorities in the

military, administrative, police, economic, cultural, educational fields, and so on. Thus, a 110,000-strong Vietnamese force has already been set up in Cambodia. This force will continue to control the puppet state authorities after the withdrawal of regular Vietnamese troops.

Furthermore, the Hanoi Vietnamese have hidden a lot of heavy and light weapons, modern handguns, ammunition, and war materiel in jungles in Cambodia.

These are just some reasons, among many others, which led the Hanoi Vietnamese and puppet Hun Sen to reject a role for a UN international peacekeeping force to conduct a comprehensive supervision in Cambodia. The Cambodian people, Cambodia's national resistance forces, and the majority of countries the world over are well aware of the tricky maneuvers of the Hanoi Vietnamese and their puppets. Therefore, in order to conduct a meticulous, genuine, and effective supervision of the withdrawal of Hanoi Vietnamese troops from Cambodia and in order to know the real situation in Cambodia:

1. The UN international control commission should have at least 2,000 people.
2. The UN international control commission should be stationed at the following three types of check-points in Cambodia:

First group of check-points: Phnom Penh, Kompong Som, Pursat, Battambang, Siem Reap, and Kompong Thom.

Second group of checkpoints: Phnom Penh, Kratie, Kompong Cham, Svay Rieng, Takeo, and Koh Kong.

Third group of checkpoints: Choam Khsan in Preah Vihear Province, Samraong in Oddar Meanchey Province, Sisophon in Battambang Province, Pailin in Battambang Province, Samlot in Battambang Province, Leach in Pursat Province, Kampot in Kampot Province, Phnum Den in Takeo Province on National Route No 2, Prek Chrey, Tonle Basak, K'am Samnar, the Mekong River, Bavet in Svay Rieng Province on National Route No 1, Krek in Kompong Cham Province, Snuol in Kratie Province, and Bar Kev in Ratanakiri Province.

Only this way can the Cambodian problem be solved politically, comprehensively, reasonably, and justly.

### SRV Accused of Encouraging Civil War

BK1408112889 (Clandestine) Voice of the Khmer in Cambodian 0430 GMT 14 Aug 89

[Political commentary: "Lesson Drawn from Afghanistan"]

[Text] Afghanistan was invaded by the Soviet Union in 1979. However, the USSR gave up Afghanistan and pulled out of the country starting in February 1988.

leaving armaments and ammunition for its puppet forces to continue the war and kill their own compatriots. Why does the war continue after the withdrawal of Soviet troops from Afghanistan?

This is very clear. It is because of the maneuvers mounted by the Moscow government to turn its war of aggression against Afghanistan into an Afghan civil war. The Soviet Union implemented a policy of providing only a partial solution to the international aspect of the Afghan problem, not a comprehensive settlement.

At present, Vietnam and the pro-Vietnamese Heng Samrin-Hun Sen regime are trying to plunge the on-going settlement of the Cambodian problem into Afghanistan-like trouble by splitting the problem into another aspect known as the international aspect. This is a flagrant trick being used by Vietnam to apply cosmetic to its puppet, Hun Sen, so that the latter can turn the war in Cambodia into a war between Cambodians, that is, to turn the Vietnamese war of aggression into a civil war by employing the words Khmer Rouge as a pretext for further implementing Vietnam's policy aimed at instigating Cambodians to kill one another without end.

The situation in Afghanistan is a warning for all Cambodians, especially the Heng Samrin-Hun Sen clique, which is being blinded by the power given by Vietnam. Is it not time for the Cambodians to free themselves from the Vietnamese yoke? Should the Cambodian problem be settled according to the Vietnamese style or Cambodian style?

His Excellency Son Sann, prime minister of the Cambodian coalition government and president of the Khmer People's National Liberation Front, pointed out that if Cambodia's problem is solved within the framework of the Vietnamese proposal, the people's suffering will continue without end, but if it is settled according to the Cambodian style, the suffering will definitely come to an end.

At present, the Heng Samrin regime is using the names of In Tam, Pung Pengcheng, and Thor Pengleap [senior officials when Sihanouk was in power] as a springboard to launch its propaganda to deceive the Cambodian people. It claims that those individuals are special envoys of the samdech and used the samdech's name to oppose the resistance forces headed by the samdech himself.

Voice of the Khmer holds that based on the lesson drawn from Afghanistan, the puppets in Phnom Penh should stop being so stupid, otherwise Cambodia's central territory would in turn disappear like Kampuchea Kraom [former Cambodian provinces that are now part of Vietnam].

**Phnom Penh Constitution, KPRP Discussed**  
*BK1508044789 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 14 Aug 89*

["News analysis": "What Is the True Nature of the Constitution of Vietnam's Puppets in Phnom Penh? What Is the Kampuchean People's Revolutionary Party of Vietnam's Puppets in Phnom Penh? We Should Clearly Determine Their Nature To Really Know Their Attitude and Not Be Misled"]

[Text] What is the true nature of the amended Constitution of Vietnam's puppets in Phnom Penh? This amended Constitution of Vietnam's puppets contains 10 Chapters and 93 Articles. The essence of some of these chapters and articles are not clear and are meant to deceive some opinions. However, the essential, key, and basic meaning is in Article 4 of the amended Constitution of Vietnam's puppets, which clearly says that the so-called Kampuchean People's Revolutionary Party [KPRP] is:

1. The only party in Cambodia.
2. The ruling party which governs and decides all political affairs.
3. The party which controls the government and all state organizations in Cambodia.
4. The puppets' Constitution also specified that all state and mass organizations of the KPRP are in charge and decide all matters of Cambodia and the Cambodian people, including the so-called free and democratic elections.

People ask this question: If the KPRP of Vietnam's puppets in Phnom Penh are already monopolizing power, is it possible:

1. To have a four-party coalition?
2. To have national reconciliation?
3. To have rights, freedom, and democracy?
4. Most important of all, will Cambodia remain Vietnam's slave?

All this clearly shows that the amended Constitution of Vietnam's puppets in Phnom Penh, all its 10 Chapters and 93 Articles, mean nothing for the Cambodian nation and people who need genuine independence and sovereignty.

Let us examine the so-called KPRP of the Hanoi Vietnamese's puppets. The Hanoi Vietnamese, along with their puppets and lackeys in Phnom Penh and their puppets in Vientiane celebrate the anniversary of Vietnam's KPRP by historically specifying that:

In 1951, the Indochinese Communist Party [ICP] was split into three parties.

1. The Vietnamese Workers' Party;
2. The Lao People's Revolutionary Party; and
3. The KPRP.

In truth, these three parties are Vietnam's only party using the name of the late Ho Chi Minh as father. Therefore, the history of the ICP and that of the Vietnamese and Lao parties, and the history of Vietnam's puppet party in Phnom Penh is one and the same. Since the puppet Constitution clearly says in Article 4 that the KPRP of Vietnam's puppets has the dictatorial right and power over everything in Cambodia, is it not true that state authorities in Cambodia are those of the Hanoi Vietnamese?

This is very clear and cannot be concealed to deceive people. Therefore, the statements by the Hanoi Vietnamese aggressors and Heng Samrin and Hun Sen—Vietnam's lackeys—on national reconciliation, free elections, Vietnamese troop pullout from Cambodia, on the control of Cambodia by the Heng Samrin-Hun Sen puppet regime, and on the independence, peace, neutrality, and nonalignment of Cambodia, simply disappear, like salt dissolved in water, because Article 4 clearly says that the KPRP of the Ho Chi Minh Vietnamese is the sole ruler in Cambodia.

The true nature of the Constitution of Vietnam's puppets in Phnom Penh and of the KPRP of the Ho Chi Minh Vietnamese again and again show that the Hanoi Vietnamese aggressors, expansionists, and territorial annexationists, will not give up Cambodia and their Indochinese federation.

### Indonesia

**Alatas Says No ASEAN 'Disunity' Over Bases**  
*BK1508071989 Hong Kong AFP in English 0706 GMT 15 Aug 89*

[Text] Jakarta, Aug 15 (AFP)—Indonesian Foreign Minister Ali Alatas said Tuesday that Singapore's offer to provide facilities for U.S. forces has not created disunity within the Association of South East Asian Nations (ASEAN).

"I am certain that ASEAN is not (disunited). I am certain the solidarity and unity within ASEAN is strong and has developed enough to see what the main problem is and what the side problems are," Mr. Alatas told reporters here.

Mr. Alatas said no commitments had been made on the issue and Saturday's statement by Singaporean Foreign Minister Wong Kan Seng that the small republic had the right to decide its future without interference was "a reply to reactions."

Singapore's offer this month to allow U.S. forces expanded access to facilities in the island republic drew unfavorable media reactions in neighbouring Southeast Asian countries.

Malaysia has called on ASEAN to meet to discuss the proposal.

"The problem has not moved, he has repeated that it was still tentative," the minister said, commenting on Mr. Wong's statement Saturday.

Mr. Alatas said that faced with any development in the region, Indonesia would always refer to what had already been agreed by members of the association—Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

He cited the results of the 1976 Bali Summit, the Declarations of Bangkok and Kuala Lumpur and the ASEAN's Treaty of Amity.

"These should be the guidelines for us all and before we step towards any new issue, we should first reconsider what we have agreed on first," Mr. Alatas said. He did not elaborate.

Government sources have said that Jakarta has not objected to the move if it was restricted to mere maintenance facilities but cautioned Singapore about the dangers of drawing foreign powers into the region.

**Paper Sees U.S. Bases as Regional Interference**  
*BK1508032789 Jakarta BERITA BUANA in Indonesian 11 Aug 89 p 9*

[Editorial: "The Possibility of U.S. Military Facilities in Singapore"]

[Text] According to AFP, Brigadier General George Yeo, Singapore minister of state for foreign affairs, said Singapore is ready to provide major access and facilities to U.S. troops on the island republic. The offer was made preliminary to negotiations between the Philippines and the United States in Washington by the end of this year on whether or not to renew the leases of the U.S. military bases at Subic Bay and Clark Air Base, which will expire in 1991.

If Singapore indeed has such a desire, this will definitely draw the attention of observers, particularly those who are following issues in Southeast Asia. The issue of the U.S. bases at Subic Bay and Clark Air Base in the Philippines has already created heated controversies within ASEAN itself and the world community as well. Why? This is because the original five ASEAN countries (Indonesia, Thailand, the Philippines, Singapore, and Malaysia) plus Brunei as a new member have consistently echoed the realization of the principles of a zone of peace, freedom, and neutrality [ZOPFAN] since ASEAN was established.

A consequence of the realization of the ZOPFAN principles is opposition to a foreign presence or foreign interference in the internal affairs of each ASEAN country, including the presence of foreign military bases on its territory because this clearly implies interference in the internal affairs of the country concerned, particularly in defense and security.



We do not clearly understand what Singapore really intends to do. Does it want to allow the establishment of U.S. military bases like those in the Philippines or just provide landing facilities to U.S. fighters and the 7th Fleet?

The ZOPFAN principles have been applied in efforts to settle regional conflicts in the ASEAN region. [as published] For example, the rejection of foreign interference has been consistently emphasized in efforts to seek solutions in the Cambodian and Vietnamese crises and other problems. The consequence is to have all foreign troops withdrawn from the areas of conflict and let "Asians settle their problems by themselves."

We do not deny that the ASEAN member countries, though grouped in an association, certainly have their respective national perceptions and perspectives that differ from one another. From the national perspectives, the ASEAN countries' general attitudes toward and association with big powers have been shaped by various vital national perceptions, particularly in the field of national defense. This has been largely determined by their respective historical experiences. With the exception of Thailand, which has enjoyed national independence and sovereignty without interruption, the majority of the ASEAN member countries and even the entire Southeast Asian region experienced colonial periods and have at different times been under the "spheres of influence" of the superpowers. They have even joined various associations or have been under a defense umbrella such as SEATO [Southeast Asia Treaty Organization].

Besides, there is a dilemma between the strong spirit of nationalism and independence of the ASEAN member countries on the one hand and the feelings of weakness and defenselessness on the other. Their nationalism and spirit of independence call for the rejection of interference by big powers because it risks unwarranted dependence and subordination to the big powers concerned. A dilemma usually occurs when they are forced to accept influence and aid from big powers, particularly through the delicate economic and trade avenue.

Nevertheless, Singapore should thoroughly consider the plan in view of the past experiences. The presence of a foreign military base will prompt other countries to do the same. If big powers have established themselves with their troops and all facilities in a region, there will only be "a combat readiness." A potential conflict will further ripen and is ready to explode at any time. As a result, ASEAN's idea as a zone of peace, freedom, and neutrality is just a dream which is still far from reality.

**Murdani Views Sociopolitical Trends in Nineties**  
BK1008103889 Jakarta THE JAKARTA POST  
in English 8 Aug 89 p 1

[Text] Jakarta (JP)—Defense and Security Minister General (retired) L.B. Murdani yesterday called on the

Indonesian Armed Forces (ABRI) to seek "breakthroughs" to cope with three sociopolitical trends which he believes will figure highly in the country in the next decade.

Addressing the opening of an ABRI leadership meeting (Rapim ABRI) at the Armed Forces Headquarters in Cilangkap, east Jakarta, Murdani detailed the trends as follows:

—The Indonesian democratic life is expected to develop into a "clearer and better shape." The citizens whose levels of education have improved will become increasingly active in decision making on national issues, in the promotion of legal principles, and in the social control effort.

Differences of opinions can now be "discussed in public and decisions will be made on the basis of consensus with due consideration to the interests of all circles."

The society now tends to "increasingly avoid extreme perceptions and attitudes."

—Indonesia will enter the "take-off" stage in the sixth five-year plan and in the year 2000 the per-capita income will stand at U.S. \$1,300. But the amounts of the citizens' real incomes will not automatically be that high. The situation, however, could get worse instead if the nation's economic development does not lead to the creation of "a new economic order." The trend toward the widening of the gap between the rich and the poor, the continuing increase in the size of the labor force, and difficulties in creating more employment opportunities are expected to become "problems which may disrupt political stability and prevent the nation from achieving the goals of its development endeavors."

—The changes in societal perceptions of values in almost every aspect of national life have been made possible by the input put forth by the younger generation.

Gen Murdani, having detailed the trends, called on leaders of the armed forces to improve the levels of ABRI's alertness in order to "defend the genuineness of the fundamental value system of the state ideology Pancasila."

"In order to cope with those trends, there need to be breakthroughs," Murdani said, according to a statement made available by the Armed Forces Information Center.

Murdani made a specific mention of the "vicious cycle of poverty" which, he said, "can be commonly be solved through the improvement of human resources."

"Therefore, the promotion of human resources should always be the main program in developing countries, including Indonesia," he noted.

Gen Murdani said that judging from the aforementioned trends, one should conclude that "there is a spectrum of threats that should be faced."

He said "There is little possibility that there will be any threat to the nation's independence and sovereignty in the 1990's," but there should always be efforts to promote national alertness towards possible emergence of subversive acts which would endanger national unity, territorial integrity, and the state ideology of Pancasila.

He made a particular mention of "communist infiltration and extremist groups" which could jeopardize national stability.

He also called on leaders of the armed forces to be more alert towards "possible economic and political pressure either from within or outside of the country" which could disrupt Indonesia's national development efforts.

On the same occasion, Armed Forces Commander Gen Try Sutrisno said in his address that ABRI will maintain its dual role and strive for the promotion of a more solid societal structure under which "individual and societal rights will coexist harmoniously."

Linking national stability with democratic principles, Try Sutrisno told the audience that ABRI will continuously ensure the safe carrying out of national development programs "without narrowing the room for society to maneuver in. ABRI will not take a tight grip on ideas (from the public) if such ideas are put forth according to existing regulations."

#### **Scholars See Little Change in Political System**

BK1108131189 Jakarta ANTARA in English  
0347 GMT 11 Aug 89

[Text] Jakarta, August 11 (OANA/ANTARA)—The political system in Indonesia will not much change in the next ten years, the political parties not being in the position to do a lot in the policy making, said lecturer-cum-researcher with the University of Indonesia Faculty of Social and Political Sciences, Dr. Arbi Sanit here Thursday [10 August].

In his speech on "The Society and Politics in Indonesia in the Nineties" at the Muhammadiyah Teachers Institute, Arbi Sanit stated that the room for the political parties to manoeuvre will still be limited, while the role of the military remaining dominant during that period.

Since the simplification of political party system in 1973, he said, a centralization of power has occurred, setting aside the society's role in the political process.

"The elite has every means ranging from funds to organization in order to attract members of the society into its political master plan. In sum, both political and social powers are concentrated within the elite, especially the elite in power," Arbi Sanit pointed out.

The formal limitations on the political parties' role and their limited authority in shaping the state's policy automatically eliminate their opportunities to move.

In the political process outside the representative institutions, according to Arbi Sanit, the mass organizations are more fortunate than the political organizations, since they still have a limited access to influence the political process, especially in defending their interests through lobbies.

Students make political pressure by way of demonstration, and public and international opinions to exert an influence on the government's policy, he said.

Another example, the non-governmental organizations (NGOs), also known as lembaga swadaya masyarakat (LSM) are also trying to press the government in cooperation with international NGOs and in contact with influential international organizations and institutions such as IGGI (Inter-Governmental Group on Indonesia) and the World Bank, he added.

Meanwhile, Dr. M. Din Syamsuddin Ma said that the main issue in the Islamic politics in Indonesia is the trend to disagree. Competitions among factions go beyond one Islamic party or mass organization involving other Islamic groupings as well.

The lecturer with the State Islamic Institution Syarif Hidayatullah here stated that the competitions between NU [Association of Ulemas] and Parmusi [Indonesian Muslim Party] or NU and MI [Indonesia Muslim Association] and PPP [United Development Party], as history has noted, indicated the seriousness of political disagreements among the Islamic groups.

In his lecture on "The Problematics of Islamic Politics and the Solution by Muhammadiyah" Din Syamsuddin said that the highest value for Muhammadiyah lays in its resolve not to transform itself into a political organization like NU and Parmusi.

#### **Laos**

#### **Cambodian Lecturers Arrive for Visit**

BK1408110889 Vientiane KPL in English 0911 GMT  
14 Aug 89

[Text] Vientiane, August 14 (KPL)—A delegation of Cambodian lecturers attached to the People's Revolutionary Party of Kampuchea CC [Central Committee] led by the deputy head of the propaganda and training board, Kep Chutdema, arrived here on August 12 for a lecture tour to the Lao PDR [People's Democratic Republic] at the invitation of the Lao counterpart.

The delegation was welcomed at the airport by Sopha Khotphouthon, deputy head of the propaganda and training board of the LPRP [Lao People's Revolutionary Party] CC.

Cambodian Ambassador to Laos Long Kem was also present at the airport.

**Enterprise Registration Regulation Promulgated**  
*BK0808141389 Vientiane Domestic Service in Lao*  
0530 GMT 4 Aug 89

[From the "Political Feature Program"]

[Excerpts] Dear listeners: I now have something really interesting to present to you. On 1 July, Sali Vongkham-sao, member of the party Central Committee Political Bureau, vice chairman of the Council of Ministers, and minister of economy, planning, and finance, signed and promulgated the regulation governing the registration of state and collective enterprise, state-private partnerships, and private firms. The details are as follows: The objective of the registration of enterprises is to direct business sectors to operate along the line of the party and state plan for the benefit of the economy and the people's welfare; guarantee the legitimate interests of business production operators; and actively contribute to the construction of economic foundation, independence, self-mastery, and socialism.

The first chapter deals with general provisions:

According to Comrade Sali, Article 1 says all state and collective business production units, state-private partnerships, private firms, and individuals—Lao citizens, aliens with residence in the Lao People's Democratic Republic [LPDR], organizations, foreigners, and overseas Lao who invest in the LPDR—including agents of foreign companies in Laos, prior to their engagement in business production in any fields of agriculture, forestry, industry, handicraft, transport, construction, trade, culture, and services, be it in any form of business institutions, private enterprises, cooperatives, and companies, after having received business production permits from agencies concerned, must register their enterprises and pay registration fees as stipulated in Article 13 of this regulations.

Article 2: Every production entrepreneur who has registered his enterprise and paid business or income tax must maintain accounting records in accordance with the Accounting Law promulgated by the government. The accounting records and receipts must be notarized and sealed by the Tax and Excise Department before they can be legal. The retention period for accounting records and relevant documents is 10 years.

Article 3: According to Comrade Sali, the persons who are allowed to register enterprises are directors, owners of enterprises or persons who are authorized by them, or business production units who agree to operate with the state plans and regulations under state management and supervision.

Article 4: Any person who wishes to conduct business production in any professional area must have permits for business operations or permits for the establishment of enterprises from agencies concerned before registering enterprise with the Tax and Excise Department and paying the stipulated fees.

Article 5: Any grass-roots unit allowed to conduct business production in any professional area must register its enterprises separately in each professional area.

Article 6: An enterprise must register all of its branches under the name of the director or owner of the mother enterprise.

Article 7: Party and state administrative and technical organizations, offices, and private sector entities are prohibited from signing production, transport, construction, buying, selling, and services agreements with state and collective enterprises, state-private partnerships, and private firms which have not legally registered.

Article 8: The registration of state and collective enterprises, state-private partnerships, and private firms must be carried out uniformly in accordance with this regulation nationwide.

That is the first chapter.

The following is the second chapter, an important chapter.

Comrade Sali says that Chapter 2 deals with the registration, payment of fees, and issuance of enterprise registration certificates

Article 9: The classification of enterprises is based on their income and total capital, which must first be verified and officially notarized by the Tax and Excise Department.

Article 10: There are two categories of enterprises—import and export enterprises and internal enterprises. The internal enterprises are divided into seven classes while the import and export enterprises are divided into five classes.

Article 11: Persons who are entitled to receive wholesaling enterprise registration certificates are those who produce in the country for wholesale and those who import goods for the same purpose. Besides the producers and importers, no other people are allowed to engage in wholesaling activities. In special cases, agencies concerned and the Tax and Excise Department may allow some enterprises to do wholesaling under the condition that such enterprises hold the registration certificate of a Class 3 internal enterprise, at the least.

Article 12: Producers, importers, and wholesalers are not allowed to conduct retail sales directly to consumers. They can sell their goods to the holders of permits for



retailing enterprises. Wholesalers wishing to do retail sales business must register new enterprises, keep accounting records, and have separate retail shops. They can not have wholesale and retail sales at the same place. The registration of retail trade enterprises is carried out by local administration.

Article 13: The registration fees for different categories of enterprises are as follows:

Listen carefully. The fees depend on the income and capital of enterprises. Fees for an enterprise engaging in production, construction, transport, or service businesses with an annual income of less than 2 million kip are 1,500 kip, with 2,500 kip for a trade enterprise. These fees are for enterprises listed as seventh class. As I told you earlier internal enterprises are divided into seven classes.

Fees for an enterprise engaging in production, construction, transport, or service businesses with an annual income from 2 to 5 million kip are 2,000 kip, with 3,000 kip for a trade enterprise. These enterprises are listed as sixth class.

Fees for an enterprise engaging in production, construction, transport, or service businesses with annual income from 5 to 10 million kip are 3,500 kip, with 5,000 kip for a trade enterprise. These enterprises are listed as fifth class.

Fees for an enterprise engaging in production, construction, transport, or service business with an annual income from 10 to 20 million kip are 5,000 kip, with 7,000 kip for a trade enterprise. These enterprises are listed as fourth class.

Fees for an enterprise engaging in production, construction, transport, or service businesses with annual income from 20 to 50 million kip are 7,000 kip, with 10,000 kip for a trade enterprise. These enterprises are listed as third class.

Fees for an enterprise engaging in production, construction, transport, or service businesses with annual income from 50 to 100 million kip are 10,000 kip, with 15,000 kip for a trade enterprises.

Now the last one. Fees for an enterprise engaging in production, construction, transport, or service businesses with an annual income from 100 million upward are 15,000 kip, with 20,000 kip for a trade enterprise. They are listed as first class. [passage omitted]

Now let's turn to the import and export enterprises and their registration fees. I must apologize for any mistakes I might make in reading the regulation. Any interested listener is welcome to contact us, the tax department, or the Ministry of Economy, Planning, and Finance for the document. [passage omitted]

As for export and import enterprises, the registration fee for an enterprise with capital from 10 to 50 million kip is 10,000 kip. Such enterprises are listed as fifth class.

The fee for an enterprise with capital from 50 to 100 million kip is 20,000 kip. Such enterprises are listed as fourth class.

The fee for an enterprise with capital from 100 to 150 million kip is 30,000 kip. Such enterprises are listed as third class.

The fee for an enterprise with capital from 150 to 200 million kip is 40,000 kip. Such enterprises are listed as second class.

The fee for an enterprise with capital from 200 million kip upward is 50,000 kip. Such enterprises are listed as first class.

According to Sali Vongkhamsao, Article 14 says the entrepreneurs of the import and export businesses must open bank savings accounts with deposits of not less than 3 percent of the total capital as guarantee money. The entrepreneurs are not allowed to withdraw guarantee money unless they cease the operation of their export and import business. The said guarantee money will receive interest at the same rate as fixed savings deposits.

Article 15: The import and export business entrepreneurs must have appropriate places for their offices, stores, or warehouses. If they own such places, they must have documents to prove their ownership issued by the Land Registration Department or administrative bodies. If they lease such places, they must legally register the lease contracts.

Article 16: The import right and categories of import goods. Now listen carefully because not all goods are allowed to be imported into the countries. There are 14 categories of imported goods as follows: 1) supplies; 2) food products; 3) textiles, finished garments, shoes, and hats; 4) tools for production, accessories, machinery, spare parts, and raw materials; 5) household utensils; 6) educational, arts, and sports equipment; 7) tools for agriculture, forestry and irrigation, and fishing tools and equipment; 8) general utensils; 9) medicines and medical equipment; 10) construction machinery and equipment, and electrical appliances; 11) vehicles, accessories, and spare parts; 12) machinery, vehicles, and spare parts for agriculture and construction of houses, bridges, railroad, irrigation systems, dams, ports, and airports; 13) tools and equipment for laboratories; and 14) Luxury goods, including alcoholic beverages and cosmetic products.

In other words, these are the 14 categories of goods which are allowed to be imported into the country.

Article 17: The entrepreneurs are allowed to import and export the 14 categories except those goods which the state monopolizes or bans for import and export.

Article 18. The entrepreneurs of import and export businesses are allowed to import goods into the country in accordance with the classification of their enterprises. I said earlier that there are seven classes of internal enterprises and five of import and export enterprises.

Fifth class enterprises are allowed to import goods from categories 1 to 4, that is supplies, food products, textile, finished garments, shoes, hats, and tools for production, spare parts, machinery, raw materials, and household utensils.

Fourth class enterprises are allowed to import goods from categories 1 to 7 which include household utensils, educational, arts and sports equipment, tools and equipment for agriculture, forestry, irrigation and fishing equipment.

Third class enterprises are allowed to import goods from categories 1 to 10 which include construction materials, equipment, electrical appliances.

Second class enterprises are allowed to import goods from categories 1 to 12.

First class enterprises are allowed to import goods from categories 1 through 14. First class enterprises pay a 50,000 kip registration fee. That's a lot of money. That is all for today.

#### Official Reports on Rice Cultivation

BK1008110189 Vientiane KPL in English 0857 GMT  
10 Aug 89

[Text] Vientiane, August 10 (KPL)—Rice transplantation throughout the country will be completed by August 20, said the head of the Agriculture and Forestry Planning Department.

According to him, about 85-87 percent of more than 400,000 hectares of rice field in the country so far, have been transplanted with seedlings, the rest will be transplanted by August 20.

Shortage of rain and plague of pest occurred in some provinces namely Bokeo, Houa Phan and Luang Prabang Provinces in mid-July which greatly caused considerable loss to rice cultivation. The situation concerning rain, since late July, has improved greatly.

Rice production in the country, this year is expected to be much better than that of the previous one but it will be less compared to that of the year 1985-86 predicted the department head.

#### Kaysone Phomvihan's Banking Address Concludes BK1308132989 Vientiane Domestic Service in Lao 0530 GMT 31 Jul 89

["Chat With Listeners" program on the "second part of the address" made by Kaysone Phomvihan, general secretary of the Lao People's Revolutionary Party Central Committee and chairman of the Council of Ministers of the Lao People's Democratic Republic, at the closing ceremony of the first nationwide banking conference in Vientiane on 27 July—read by announcer—For "Part 1" of speech see 2 August East Asia DAILY REPORT]

[Text] Some comrades have asked whether commercial bank branches can be set up in remote areas in addition to those set up in market areas. I think that in this case, credit cooperatives must be set up in those areas first. In the immediate future, the commercial bank or its branches will provide, on an experimental basis, guidance on carrying out credit operations in those areas to certain credit cooperatives. After that, the bank can gradually expand its operations to those areas. Moreover, we have already implemented a policy to develop the economy in those areas. Therefore, the state budget [service] has the duty of investing in backward regions—for example, building roads and irrigation facilities and finding fixed professions for people living in mountainous regions. As a result, the economy of those regions will be gradually developed and, at the same time, the banking network will eventually expand into those regions as well.

The past policy of the [state] bank reflected its state-financing characteristics in accordance with the old concept.

As for its credit operations under the old concept, the bank took the following measures:

1. It mobilized capital from the people with low interest rates. As a result, the people had no desire to deposit their money in the bank.
2. In giving out loans, the bank displayed favoritism in various forms as follows:
  - a. The bank granted loans to borrowers despite the fact that it had no capital on hand. The bank did this by transferring nonexistent money into the borrower's account. Therefore, when the borrower wanted to withdraw cash from the account, the bank did not have the money ready. Or, even if the bank had cash for the borrower, loan manipulation would result in inflation.
  - b. The bank granted loans at low interest rates without taking into account the depreciation factor of money. As a result, the borrower only stood to gain while the bank stood to lose.

c. The bank made loans without taking into account the borrower's production efficiency and plan, and without checking the plan for utilization of the loans. As a result, a phenomenon in which the loans were not used in accordance with specified objectives frequently occurred.

d. On many occasions, the bank made loans to budgets.

e. The borrower refused to pay back loans on schedule or postponed payment well into the following year without any credit discipline being taken against him [by the bank].

As for the new policy on granting loans, it reflects the following requirements of the new management mechanism:

1. The interest rate for deposits must begin with the supply of and demand for cash in the markets.

2. The interest rate on loans must be higher than that of the interest rate for deposits to meet expenses for the bank's operations and accumulate income to compensate, if unlucky enough, for unpaid loans. In addition, part of the income generated through bank loans will be given to the state.

3. The granting of loans must be accompanied with a strict plan for inspection of the utilization of those loans. If it is necessary to make loans, [the borrower's] assets must be used as collateral. The repayment of debts plus interest must be made on schedule.

4. The bank must have capital on hand before it can give out loans. That is why the credit ceiling must be fixed.

5. The expenditure and revenue in the state budgets must be balanced. In a special case in which the central bank is requested to loan money in advance, such loans must be made on the basis of loan principles, and debts must be repaid, with interest, on schedule.

I would also like to answer some of your questions as follows:

1. Some of you said: When the interest rate is raised, more bank notes must be printed. As a result, inflation will get worse.

My answer is: You should understand that when the interest rate on loans is raised in proportion with the depreciation in the value of money, the interest rate on deposits must also be raised equally. Therefore, in raising interest rates, as mentioned above, it is not necessary to print more bank notes. By increasing the interest rate on deposits, more money will be drawn back, resulting in a decrease in inflation.

2. Some of you asked: If the interest rate on loans is raised in proportion with the depreciation in the value of money, will there be any borrowers?

My answer is: Under the prevailing conditions in our country, I admit that a phenomenon has occurred here. In the past, [bank branches in] some localities raised the interest rate on deposits to 5.5 percent per month,

attracting many depositors. However, as much as they wanted to, they were unable to make loans of that money. Why was it like that? This problem involves the technology employed by the banks themselves. If the banks knew how to operate their services efficiently, they would be able to encourage borrowers to accept loans at an interest rate specified by the bank. Let me tell you one thing: In the free markets at present, the interest rate on short-term loans [charged by moneylenders] is sometimes much higher than that of the banks—12 percent or higher—per month. Why do some private individuals and enterprises still borrow money from those lenders?

Moreover, those banks do not have only a single source of capital, that is deposits mobilized from people. When banks are able to provide good services to the public, many more people open deposit accounts with those banks. At the same time, business production enterprises open (?current) accounts with them as well. Therefore, the banks have a source of capital acquired through their ability to keep and remit money for depositors. In this process there is likely to be some temporarily delayed money in accounts. The banks can acquire capital from this source by offering a low interest rate or by not paying any interest at all to their customers. The banks may use the money from this source of capital as loans with a specifically generous or low interest rates to be given to business production sectors. Only by doing this will banks be able to serve the party's and state's economic structuring policy.

In brief, the new concept requires that the central bank make loans to, and control commercial banks by, raising or lowering the interest rate and purchasing bonds from them. The central bank must also balance the supply and demand of credit granted by commercial banks by recalling money from them. The central bank must implement credit policy to control the national economy. Because there are four sources of capital in the national economy, from which the central bank can mobilize capital with either high or low interest rates, the central bank can grant loans at generously low interest rates to certain services. The four sources of capital are: capital from deposits mobilized by a high interest rate, capital from the repayment of loans with a low interest rate or without interest, capital from loans from foreign countries acquired at a low rate of interest, and capital from printing bank notes at a low interest rate [as heard].

As for the old concept, it was not clear whether stabilization of the kip was part of the national finance policy or not. That was why the finance services, banks, and trading services failed to synchronize their management mechanisms. For example, the finance sector always overspent budget allocations. The banking sector gave credit and cash to customers beyond its capabilities. The trading sector left surplus goods lying idle in warehouses. They failed to clearly realize that it was our monetary policy to manage foreign currencies through the banks with the following measures, the exchange rate policy and the import-export policy. In the past, banks reduced



exchange rates without using the basis of controlling the markets and failed to firmly manage import and export transactions. They failed to understand that our bank note printing policy was only aimed at creating credits to facilitate goods circulation, not to pay back debts.

In the past, inflation in our country was created by two factors—credits and budgets. Because we printed bank notes to create credits that did not stem from the need to facilitate goods circulation, more debts were created than necessary. In addition, we only printed bank notes for use in the management of budgets. However, the budgets service was always unable to collect sufficient revenues to pay back the banks. That was because the service only knew how to spend money.

The new concept of monetary policy requires that we take the following measures: the finance sector must strive to gradually reduce excessive spending by vigorously promoting tax collection work within the country and by mobilizing capital from foreign countries. The banking sector must grant loans only on the basis of capital on hand or sources from which capital can be mobilized. It must refrain from overspending with a view to attracting more money back to the banks. The trading sector must release all unsold surplus goods stored in warehouses and increase the frequency of goods circulation. Our monetary policy must be aimed at reducing the exchange rate between the kip and the [U.S.] dollar and between the kip and the [Thai] baht. To achieve this goal, all foreign currencies must be accumulated at the central bank. The central bank must intervene by using currency-exchange apparatuses in buying and selling foreign currencies with a view to dictating exchange rates. To do this effectively, the central bank must firmly control import and export transactions and set up its own or authorize the set up of foreign currency exchange units.

The new mechanism requires that the treasury be separated from the banks. Henceforth, the treasury should be basically controlled and managed by the budget sector. It will only be a customer of the banks and must open deposit accounts with the banks. The banks must not favor the budget sector. Then, inflation caused by the mismanagement of the budgets will be gradually reduced. The credit sector must mobilize capital from all sources as funds for loans. In the immediate future, it must reduce the printing of bank notes to be used as loans.

Some comrades asked me: What is the guarantor of the value of the kip?

I would like to answer you this way: Our state has defined the kip as a promissory note. This means that it acts as our bank note. As a long-term objective, it is printed for distribution on the basis of credit promotion, depending on requirements in goods circulation. At the same time, the state must gradually strive to accumulate foreign currencies at the central bank so that it will be

able to intervene in the markets when necessary with the aim of maintaining the value of the kip. This method is of strategic and tactical significance. Our goal is to be able to implement this method with the assistance of foreign banks and the IMF.

I would also like to answer your question put to me: Why have the bank notes we printed and distributed not been returned to the banks and how will we be able to make them return?

First of all, we must understand that many developed countries do not have to implement regulations and principles on cash management. They only enforce banking laws and laws on the payment and management of foreign currencies. They believe that all the bank notes they print and distribute will eventually be returned. However, cash management regulations have been strictly implemented in our country. Nevertheless, none or only a small number of the bank notes we have printed and distributed have been returned to the banks so far. This means we have overspent our cash.

Why? Because banking services in the developed countries are excellent. That is why people in those countries voluntarily open accounts at the banks. They do not want to carry cash around because it is inconvenient. Besides, they can deposit or withdraw money at any time. With their bank accounts, the people in those countries pay back debts or spend money by means of bank checks or transfers. At present, many countries have resorted to implementing credit accounts or a credit card system. With credit cards, credit account holders are able to withdraw money from certain banks, both at home and abroad. In addition, debtors are required to pay back loans on schedule. That is why money is returned to the banks on schedule. Moreover, some people seem to have more money on hand than they need for circulation. To rapidly attract that surplus money, the central banks resort to implementing an interest-rate policy for that purpose. The state treasuries in those countries, which maintain deposit accounts at the banks, always strive to vigorously collect taxes from the public. If there is no need for immediate spending, these revenues will be deposited at the banks as well.

However, in our country it appears that money has not been returned to the banks. This is due to the following reasons:

1. A large amount of money has been paid out through the finance sector in the form of salaries and as expenditures for national defense, public security maintenance, cultural and social affairs, and the construction of foundations. However, a shortfall in tax collection has resulted in heavy budget deficits. This is one of the reasons why money has not been returned to the banks.
2. Loans cannot be recouped. Debts are long overdue.

3. Most of our business enterprises, companies, and private citizens are not fond of depositing money in the banks. This is because [words indistinct] is very difficult. [words indistinct] They prefer getting loans to depositing money.

4. Certain business enterprises are (?operating) at a loss. They have a large quantity of surplus goods in stock that cannot be sold. Therefore, they have no money to pay back their debts, let alone any to deposit in the banks. Moreover, certain conditions prevailing in our country are not conducive for the people to return money to the banks quickly. Therefore, it is necessary for us to further improve and upgrade our country's services.

**Correction to Kaysone Phomvihan Banking Speech**  
WA1508131689

The following corrections pertain to the item headlined "Kaysone Phomvihan Closes Meeting," published in the 2 August East Asia DAILY REPORT, pages 49-50:

Page 49, column two, paragraph one, sentence two: ...briefly, those questions are involved with the old and the new concepts... (adding "and" and clearing indistinct words)

Same paragraph, sentence three: ...well as suggestions. Generally, I will first more clearly differentiate the... (clearing indistinct words)

Same paragraph, sentence five: ...a commodity economy which can be seen from the following examples. In a sense... (clearing indistinct words)

Same paragraph, sentence eight: ...is not established at the centers of the market nor is it... (clearing indistinct words)

Paragraph three, sentence one: ...enterprise because it engages in the monetary business... (clearing indistinct words)

Page 50, column one, paragraph one, last sentence: ...economic organizations, and the people. [New paragraph] I will take... (clearing indistinct words)

**Philippines**

**U.S. Congresswoman's Statement Criticized**  
HK1508045789 Manila BUSINESS WORLD  
in English 15 Aug 89 pp 1, 6

[By reporter Benjamin B. Cruz]

[Text] Ranking members of the House of Representatives yesterday reacted sharply to the reporter statement of a U.S. Congresswoman Patricia Schroeder that the Philippine demand for higher rental for the bases is "crazy."

"It is about time the military facilities leave the country" was the general sentiment in the House.

Rep Schroeder, chairman of the U.S. House armed services subcommittee on military installations, was quoted by a foreign newspaper as saying the U.S. cannot pay more to keep its bases in the Philippines and that Filipinos' demands for more are "crazy."

"(The U.S.) Congress is reluctant to appropriate more for construction at the bases because of the uncertainty about the future.... We have gone as far as we can go. We've done more than our fair share," the STARS AND STRIPES newspaper quoted the lady solon as saying.

Asst Majority Floorleader Raul Roco noted that "in the first place, the demand is not for them to stay, but for them to leave."

"Perhaps Congresswoman Patricia Schroeder should already put down the white man's burden since the age of colonialism and neo-colonialism has passed," the solon sternly said. He added that the U.S. should redress the imbalance and leave the Philippines. "The overwhelming sentiment of the (Filipino) people is not for a higher bases rental to the tune of \$2 billion, but for the U.S. bases to leave the Philippine territory. They should wake up to this reality."

His colleagues echoed the same views. Rep Gregorio Andolana of South Cotabato agreed that the prevailing sentiment is for the bases to leave. "To believe otherwise is to hallucinate that Clark and Subic can stay "if the price is right."

He also suggested that the President should cancel her U.S. trip this November.

Rep Benacio Garduce of Samar added that "this is the kind of mentality that the Americans have on the Philippines concerning the bases. They think that the country is still part of the U.S. colony."

Rep Anna Dominique Coseteng of Quezon City said "nothing could be crazier" than the American lady solon's statement.

Even the opposition joined their majority members in denouncing the statement. Minority leader Salvador Escudero was more direct: "They (Americans) better pack up and leave."

Rep Oscar Orbos of Pangasinan, spokesman of the Laban ng Demokratikong Pilipino [Struggle for Philippine Democrats], the majority party in the House, said the statement of Schroeder was uncalled for. "The matter of dismantling or continued stay of the bases are at present under debate in the country. There should be no room for insulting words at this time," he said.

However, Speaker Ramon Mitra had another viewpoint. He said the bases issue should not be discussed at this point. On the controversial Schroeder statement, he said it should be judged by the American public, not by the Filipino people.

### **Senators Support Bases Withdrawal**

HK1508071389 Manila BUSINESS WORLD  
in English 15 Aug 89 pp 1, 6

[By reporter Cris V. Paraso]

[Text] Senators yesterday spoke of an immediate withdrawal of the U.S. bases after the military bases agreement's [MBA] expiration in 1991 should the United States fail to increase its existing compensation for the use of the facilities.

The reaction from the solons came after a statement yesterday by visiting U.S. Rep. Patricia Schroeder (D-Colorado), chairperson of the House armed services subcommittee on military installation, which branded as "crazy" the Philippine lawmakers' demands for increased bases compensation.

Senator Leticia Ramos-Shahani, chairperson of the foreign relations committee, said that if the U.S. cannot afford any increases in rent, "then maybe there should be a serious attempt at diminishing (the bases') presence in the country."

Noting that the country is contemplating an eventual phaseout, Sen. Shahani said the Philippines' contention is that the present compensation "is not adequate" given the strategic role and burden that the country plays and carried in maintaining the U.S. military presence in the region.

Although a staunch bases advocate, Senator John H. Osmena said the "best interest" of the country is for the rental to be increased from the present level, adding that if the Americans "think that we're crazy, then maybe they can find another place for their bases."

He said the base are prime real estate property for which the U.S. should pay a high rental rate, and that the U.S. Government should "pay the right price."

"If they think we're crazy for asking a higher rental, then they're crazy to ask for an extension (of the MBA)," said Senator Ernesto M. Maceda, chairman of the committee on national defense and security which is currently considering, with the Shahani committee, two resolutions calling for the abrogation of the RP [Republic of the Philippines]-U.S. Mutual Defense Treaty and the phaseout of Camp John Hay Air Station in Baguio City and Wallace Air Station in La Union.

### **Phaseout**

For his part, Senator Orlando S. Mercado proposed the immediate issuance of the notice to terminate the MBA next year, and a three-part withdrawal of all minor U.S. facilities in the country starting Sept. 16, 1991 when the agreement formally expires, including Camp John Hay Air Station, Wallace Air Station, the Naval Radio Station in Capas, Tarlac and the Naval Communication in San Miguel, Zambales.

He said the second phase, which will be implemented after three to four years from the date of formal notice of termination, would entail the withdrawal of Clark Air Base in Angeles City, Pampanga, while the last phase involves the dismantling of Subic Naval Base in Olongapo City, Zambales five years after serving the notice to terminate the MBA.

Senator Edgardo J. Angara battled for a gradual phaseout of the bases in eight years, provided that the rental will be increased.

He suggested that the increased compensation may not be all in the form of cash but can be coured through trade concessions such as a liberalized market for Philippine products in the U.S., technical assistance aimed at strengthening external security using local resource and other social assistance.

Senator Wigberto E. Tanada, staunch proponent for the ouster of the bases, urged Government to immediately decide against further extending the bases' presence, noting that the implication of current demands in the Senate shows a positive inclination towards a new treaty and providing for a gradual phaseout.

He said the Aquino Administration should serve the required notice of termination next year as provided under the amended MBA, adding that he will oppose any new agreement resulting from increased rental.

Despite the apparent harsh statement of Rep. Schroeder, Senators Shahani and Maceda said she does not have the final say on U.S. policy.

Sen. Shahani said the U.S. solon might be talking in terms of budgetary constraints which the U.S. Government is seriously considering against the demand for increased rental, while Sen. Maceda said Rep. Schroeder's pronouncements as a Democratic lawmaker may not necessarily jibe with the decision of the ruling Republican Party.

### **Senate 'Likely' To Reject New Bases Treaty**

HK1408022589 Manila Far East Broadcasting  
Company in English 2300 GMT 13 Aug 89

[Text] The Senate will likely reject a new RP [Republic of the Philippines]-U.S. military bases agreement. This was expressed by Senate President Jovito Salonga. As



such, he said, there is no need to conduct a plebiscite on the continued presence of the American bases here, because they must go after 1991. Salonga was reacting to a proposal to submit the issue in a referendum before the bases negotiations start this year. The Constitution provides that any treaty signed by the president needs a Senate ratification. Salonga said it will be difficult to get the required two-third Senate vote of the renewal of the RP-U.S. bases agreement because most of the senators are against their continued presence here.

#### **Senator Opposes Proposed Agreement**

*HK1508102989 Manila Radio Veritas in Tagalog  
0900 GMT 15 Aug 89*

[Text] Senator Alberto Romulo has rejected a proposal for an executive agreement between the Philippines and the United States on the future of the latter's military bases in the country.

Meanwhile, U.S. Ambassador Nicholas Platt said that the United States does not support the creation of a bases treaty that would be submitted to the Senate, the Congress, and the people for approval.

Romulo said that the U.S.'s plan to settle the bases issue through an executive agreement is illegal and a breach of the Constitution. Romulo added that according to the Constitution, holding a referendum on the bases issue is illegal because a treaty must first be forged between the Philippines and the U.S. before a referendum can be called for. Romulo is opposed to the retention of the military bases:

[Begin Romulo recording in English in progress] ...and this contention, therefore, implies that they might hope for something that can be done within the bounds of... [end recording]

#### **Formal Notice on Bases Lease Expiration Discussed**

*HK1508064389 Hong Kong AFP in English 0630 GMT  
15 Aug 89*

[excerpt] Manila, Aug 15 (AFP)—Foreign Affairs Secretary Raul Manglapus said here Tuesday that the Philippines will formally notify Washington that its lease on two military bases in the country will expire by September 1991.

Diplomats say such a notice would force Washington to renegotiate a new treaty, with Manila demanding higher compensation to allow Clark Air Base and Subic Naval Base, the largest U.S. military outposts, to stay.

The military bases agreement expires in September 1991 but requires a one-year notice to be terminated. Some Philippine legal experts said failure to serve notice would automatically extend the lease.

Mr. Manglapus said the National Security Council (NSC) headed by President Corazon Aquino had an "understanding that ... the notice must be presented by September next year."

The NSC is a top-level policy body that met for the first time on August 7. It includes Vice President Salvador Laurel and senior cabinet members.

Various senators opposed to the bases have called for the immediate serving of the notice, but Mr. Manglapus said "there is no decision yet to present the notice just now. We don't see any advantage to presenting it just now."

He also said he had not yet received an official communique on a reported proposal to hold a summit of the Association of Southeast Asian Nations (ASEAN) on the issue of U.S. bases in the region.

#### **Formal Notice in September 1990**

*HK1508101989 Manila Radio Veritas in Tagalog  
0900 GMT 15 Aug 89*

[Text] The Philippines will formally notify the United States that its lease on two military bases in the country will expire by September 1991. According to Foreign Affairs Secretary Raul Manglapus, the National Security Council at its last meeting agreed that a notice will be presented in September next year. Failure to give the notice will mean automatic extension of the lease and retention of U.S. bases beyond 1991.

Diplomats said that the notice will force Washington to negotiate for a new treaty.

#### **Malaysia Urges ASEAN To Meet on Bases Issue**

*HK1408023189 Manila Far East Broadcasting  
Company in English 2300 GMT 13 Aug 89*

[Text] The Association of Southeast Asian Nations should meet to discuss American military bases in the region if the United States takes up Singapore's recent offer to host the bases. Malaysian Foreign Minister Abu Hassan Omar said this in a meeting of all six ASEAN members. According to him, it was only logical since Singapore, together with its ASEAN partners, had noted a concept of a zone of peace, freedom, and neutrality [ZOPFAN] in the region in 1971. We are now having a ZOPFAN, he said. This is something they should discuss.

#### **Hard Look Urged on Issue**

*HK1508041389 Manila PHILIPPINE DAILY  
INQUIRER in English 15 Aug 89 p 4*

[Editorial: "Singapore Offer Raises Region's Fear of Bases"]

[Text] Singapore's offer to host American military facilities has finally jolted other ASEAN member-states into taking a long, hard look at the U.S. bases here.

After years of refusing Philippine efforts to raise a regional consensus on the issue of the American military presence in the region, other ASEAN states are now calling for a meeting to discuss precisely this matter.

The Malaysian foreign minister has said an ASEAN meeting was only "logical" in view of the member-states' commitment to make the region a "Zone of Peace, Freedom and Neutrality" (ZOPFAN).

Apparently, the other ASEAN states could live with the thought of the U.S. bases on Philippine soil, but balk at the idea of having them closer to home.

Malaysia cloaks its opposition to the Singapore offer by invoking the ZOPFAN concept, although Foreign Minister Abu Hassan Omar has brought up the problem of possible violations of Malaysian air space should the U.S. put up an air base in Singapore. Indonesia, too, has voiced its concerns, with an official saying that a U.S. facility in the island republic would be a source of "instability" in the region.

Even if the Singapore proposal is nothing but a bluff, it would still have served a purpose in that it has forced our regional allies to consider the ramifications of playing host to a superpower. Previously, they seemed perfectly content making noises about regional sovereignty while taking for granted the military balance maintained by the presence of Clark and Subic; a balance, moreover, for which the Philippines solely paid the price.

Perhaps now they will realize the heavy penalties imposed by the American presence in the islands: a violated sovereignty, political instability, social and moral corruption, even the introduction of AIDS among the population.

At this point, it is difficult to discern what the Singapore people think about their government's offer, freedom of speech not being among the freedoms this wealthy nation's citizens enjoy. But the early agitation among their neighbors should show Singapore's leaders, who are quite fond of belittling Filipinos and the Philippine government, just how much trouble these bases can be. Is it too much to hope that at the very least we will gain from this flap a little more understanding from our neighbors?

**Palace Announces Aquino's 9 November U.S. Visit**  
*HK1208025189 Manila Far East Broadcasting Company in English 2300 GMT 11 Aug 89*

[Text] Malacanang today announced that President Aquino will make a state visit to the United States from November 9 for talks with President George Bush on major issues in Philippines-U.S. relations.

Aquino's visit will come a month before the two sides begin preliminary talks on the future of U.S. military bases in the Philippines, an issue which officials say has

far-reaching implications for Southeast Asian regional security. Malacanang Palace announced the visit shortly after the president received a U.S. congressional delegation led by Patricia Schroeder, head of the House of Representatives subcommittee on military installations and facilities.

They said the agenda would include the question of debt relief and U.S.-backed international aid scheme launched in Tokyo last June to help rehabilitate the Philippines' debt-ridden economy.

**De Villa To Visit U.S., Review Security Ties**  
*HK1408043589 Manila PHILIPPINE DAILY GLOBE in English 14 Aug 89 pp 1, 8*

[By staff writer Julius Fortuna]

[Text] Gen. Renato de Villa, AFP [Armed Forces of the Philippines] chief of staff, will go on an official visit to the United States later this month to review with U.S. officials security ties between Manila and Washington.

Sources at the foreign office said the visit of De Villa, who is also co-chairman of the U.S.-RP [Republic of the Philippines] Mutual Defense Board, has been set August 22 to 25.

De Villa was invited to Washington by Gen. Colin Powell, who was appointed chairman of the U.S. Joint Chiefs of Staff last week.

Among the topics to be discussed by De Villa and Powell are the security and military assistance arrangements between Washington and Manila, sources at the Department of Foreign Affairs (DFA) said.

The RP-U.S. mutual defense security treaty binds both countries to help each other in case of war. A source said that De Villa's visit is aimed at reviewing this treaty.

After the talks, De Villa will tender a dinner on August 25 for Powell, the first black and the youngest—at 52—to hold the top U.S. military post.

Early this year, De Villa co-chaired the meeting of the Mutual Defense Board which assessed the security arrangements between the two countries. De Villa's co-chairman was an American general from the Pacific command.

Also to be taken up by De Villa and Powell, according to DFA sources, is the military assistance arrangement between the two countries. Under the agreement, Washington is bound to provide Manila with weapons.

Nationalists have called for the scrapping of both the defense and military assistance treaties saying they are carryover of the old colonial relationship.

**Delegation Explores Economic Ties With Vietnam**  
*HK1408092989 Manila MANILA BULLETIN*  
*in English 14 Aug 89 p 13*

[By E.T. Suarez]

[Text] The prospects of better economic relations between the Philippines and Vietnam have been brightened by the visit to that country by Rep. Jose "Apeng" Yap (LDP [Struggle of Philippine Democrats], Tarlac) on the invitation of the Vietnamese government.

Accompanied by lawyer Jesus I. Santos and businessman Henrique Weil, Yap met with top Vietnamese officials and explored ways by which the two countries could help each other economically.

During the dinner hosted for the visiting group by the government of Vietnam through Hoang Manh Tu, ambassador extraordinary and plenipotentiary, Yap noted that foreign investors in the Philippines could import from Vietnam raw materials like "celica," rattan and timber instead of from other countries.

Yap and his party also met with Vietnam Foreign Affairs Minister Nguyen Co Thack. In that meeting, the Tarlac solon promised to sponsor a resolution during the plenary session of the Asian Inter-Parliamentary Union meeting in Manila this coming September making Vietnam a member of the union.

Another Vietnamese official with whom Yap and his party had a lively meeting was Tran Tien Vinh, deputy director of Asia 3 Department Ministry of Foreign Affairs.

Philippine Ambassador to Vietnam Cipriano O. Leron helped Yap and his party during the visit. Leron arranged a meeting between Yap and his party with the Chamber of Commerce and Industry of Vietnam headed by Doan Ngoc Bong, secretary general, and Madam Pham Chi Lan, director for international relations.

**CPP Blames China Crisis on Capitalist Growth**  
*HK1408051989 Manila PHILIPPINE DAILY*  
*GLOBE in English 14 Aug 89 p 6*

[By staff writer Julius Fortuna]

[Text] Filipino communist leaders blamed the recent crisis in China on the growth of Western-style capitalism in that country, a document obtained by the GLOBE showed.

In its statement, the Communist Party of the Philippines (CPP) called on leaders of the Communist Party of China to abide by the teachings of Mao Zedong in carrying out socialist reconstruction, now on its 40th year.

The document, entitled "Statement of the Communist Party of the Philippines on the June 3 and 4 events in China," was sent to the central committee of the Communist Party in China after the Tiananmen massacre.

Analysts said that the document was probably the first criticism of the Chinese made by the local communists since 1968, when the CPP was formed with China as its "rear area" and "iron bastion".

The Chinese party is regarded as the political parent and ally of the CPP because of the two parties' identical positions on many issues.

Expressing concern over the growth of capitalism in China, the local party noted that foreign and Chinese capitalists had been given the right "to own means of production and distribution, exploit the working people and reap private profits."

"This is the biggest and most essential bourgeois liberal right before the complete seizure of political power by the bourgeoisie," the statement said.

Because of the Tiananmen events, socialism is now being blamed for such "capitalist evils" as profiteering, gross economic imbalances, over-investment in non-productive fixed assets, consumerism by a few, inflation corruption, and unemployment, the statement said.

**More on CPP Document**

*BK1308132289 Hong Kong AFP in English 1312 GMT*  
*13 Aug 89*

[Text] Manila, Aug 13 (AFP)—Communist insurgents in the Philippines have blamed "counter-revolutionaries" and their foreign backers for the events that led to the Tiananmen massacre in June, according to documents obtained here Sunday.

The Communist Party of the Philippines (CPP) said the "growth of capitalism," not the "lack of bourgeois liberties," led to the China crisis, according to a copy of a CPP discussion paper obtained by AGENCE FRANCE-PRESSE.

Western intelligence sources say some 3,000 people died when Chinese troops ended seven weeks of unrest by crushing pro-democracy demonstrations in Beijing on June 3-4, although the official death toll is 300.

The CPP, founded by Maoists in 1968, and its armed wing the New People's Army, have waged a 20-year insurgency in the Philippines.

"Liberalization, both economic and political, has already grown to such an extent that the Chinese counter-revolutionaries together with foreign backers are now daring to exercise the bourgeois liberal right to openly discredit the Chinese Communist Party," the CPP said.



These elements aimed to overthrow the party and "install a full-blown bourgeois class dictatorship by white terror," the paper added.

The CPP urged Beijing to make policy decisions taking into account whether the economic liberalization of China was good for the people and the party.

"The United States and other capitalist powers wish to manipulate the Chinese Communist Party, the People's Liberation Army and the Chinese state by using investment, trade and loan transactions as well as military sales as levers," it said.

"The imperialist and the Kuomintang diehards have gone far in blanketing China with a network of economic, political and military intelligence and saboteurs under the cover of free enterprise," it said.

Beijing has repeatedly denied that it provides material support to the CPP.

**NPA Warns Japan Against Aid Plan Donation**  
*HK1108133989 Manila Radio Veritas in Tagalog*  
*1300 GMT 11 Aug 89*

[Text] The leadership of the Communist Party of the Philippines-New People's Army [CPP-NPA] sent a letter to Japan warning her against giving aid to the Philippines to revive its ailing economy.

In a letter allegedly sent by Jose Maria Sison to the Jiji Japanese news agency, he said that Japan looks like a fool because of its sizeable donation to the aid plan. The letter clearly hinted that the rebels would attack Japanese companies in the country if the aid comes through. Sison confirmed the warning, but denied having sent the letter. He also refused to confirm whether he has resumed the CPP chairmanship.

Earlier, the communist movement said that it is still open to talks with the government despite the capture of its peace negotiators. Luis Jalandoni was referring to Satur Ocampo and Carolina Bobbie Malay.

In an interview in the Netherlands, he explained that the call for the dismantling of the U.S. bases was not a pre-condition for the peace talks, but said it would be a condition for a unilateral ceasefire.

**Further on Warning**

*OW1208064989 Tokyo KYODO in English 0612 GMT*  
*12 Aug 89*

[Text] Manila, Aug 12 KYODO—An exiled Philippine Communist leader warned Japan on Saturday against bankrolling an international aid plan for the Philippines which he said will support the United States bid to prolong the stay of its military bases here beyond 1991.

Jose Maria Sison, founder of the banned Communist Party of the Philippines (CPP), also said that Japanese interests in the Philippines may become potential rebel targets if Tokyo "goes along with the U.S. in escalating the oppression and exploitation of the Filipino people."

Sison, who is now in Utrecht, the Netherlands, sent a statement to KYODO NEWS SERVICE in response to questions telephoned to the international office of the National Democratic Front (NDF), a coalition of 13 revolutionary organizations.

He left the country in early 1987 for a lecture tour in Europe. The Philippine Government revoked his passport in September 1987 on grounds that Sison was soliciting funds and support for the rebels through his lecture series. The charges were based on letters Sison allegedly wrote to a NDP official.

However, Sison denied writing to Satur Ocampo, captured spokesman of the front, in July 1988.

He said the letter, declassified by the military Thursday, could have been written by another revolutionary organ since "the content and purpose of the letter are good for the Filipino people."

Military officials claimed that Sison instructed Ocampo in the July letter "to issue a well-reasoned warning to Japan against joining a U.S.-sponsored plan to buy off the U.S. bases, retention of which would only mean continued war in the Philippines."

In the same letter, rebels allegedly wanted to open "an informal direct line of communication" with the Japanese Government.

"On my own personal account, I wish to state that Japan can only prejudice its own substantial interests in the Philippines by assuming the main burden in PAP (Philippine Aid Plan) and in effect helping the U.S. retain the U.S. military bases in the Philippines," Sison said.

Japan, the largest aid donors to the Philippines, committed 1.5 billion dollars worth of assistance to Manila during the PAP donor session hosted by Tokyo in July.

Japan's commitment represents the single biggest contribution to the pledges that totaled 3.5 billion dollars.

Sison said that if Japan "goes along with the U.S. in escalating the oppression and exploitation of the Filipino people, it is logical and natural that the revolutionary forces adopt a policy of resistance against Japanese interests."

He said that Japanese officials "should see something positive in the reported wish of the National Democratic Front to have a dialogue."

"It would be wise for Japan to become truly independent of the U.S. and seek good relations with progressive governments and movements in Southeast Asia," he said.

Authorities have not reported any guerrilla attacks on Japanese business or aid projects but rebels in the central Philippine province of Bohol have issued threats against the Japan International Cooperation Agency for their refusal to pay "revolutionary taxes."

### Thailand

**Chatchai Refuses To Comment on Singapore Offer**  
*BK1508061789 Bangkok TNA in English 0503 GMT  
15 Aug 89*

[Text] Bangkok, Aug. 15 (OANA-TNA)—Thai Prime Minister Gen Chatchai Chunhawan said here Monday [14 August] that the offer by Singapore to host U.S. military facilities, is the bilateral matter between the U.S. and Singapore.

The Thai leader made the comment to reporters before attending a meeting of Council of Economic Ministers at the Government House here.

Gen Chatchai said he did not want to comment on the issue, however, he added that he shared the similar view with Thai Foreign Minister Air Chief Marshal [ACM] Sitthi Sawetsila.

ACM Sitthi had reiterated earlier that Thailand believes that the Singaporean base issue is a bilateral matter. He said, Thailand will not comment and will not become involved, he added.

Meanwhile, an army spokesman said Thai Army chief Gen Chawalit Yongchaiyut will visit Singapore in a few days during which he may ask for details of the island republic's recent offer to host the U.S. base facilities.

The spokesman said the visit is part of regular exchange of visits between the Thai military leadership and its counterparts in member countries of ASEAN.

The spokesman quoted Gen Chawalit as saying that there might have been some misunderstanding here since Singapore was probably offering facilities to repair U.S. warships.

This is quite normal since Singapore is now already repairing Soviet warships, the spokesman quoted Gen Chawalit as saying.

He said Gen Chawalit was of the view that the Singapore leadership would probably not do anything against ASEAN's principle to establish a zone of peace, freedom and neutrality (ZOPFAN).

Gen Chawalit was quoted as saying however that Thailand should not comment much on the subject since Thailand is keen on generating constructive cooperation within ASEAN.

**Conditional Import of U.S. Cigarettes Supported**  
*BK1508104489 Bangkok SIAM RAT in Thai  
12 Aug 89 p 16*

[Article by Nai Luakin Luachai: "Importing U.S. Cigarettes Should Be Allowed but..."]

[Text] The conflict over whether to allow the importation of American cigarettes or to continue banning the product has not yet been settled. Looking at the broad picture, allowing U.S. cigarettes to be imported into Thailand could ease the trade confrontation problem between the two countries. Simply speaking, if we want to follow a free trade policy, we should allow U.S. cigarettes to be freely imported into Thailand. However, a condition has to be set that if Thailand allows the importation of U.S. cigarettes, the United States must in return end all pressures it is exerting on Thailand concerning the Farm Act and Section 301 of its trade act.

With regard to the number of units or groups of local products, Thailand is still very far behind the United States.

On Thai-U.S. trade, Thailand enjoys a trade surplus with the United States only because of the GSP [General System of Preferences] privileges given by the United States. We should not exchange any privileges that would adversely affect our internal interests.

As a matter of fact, we have already been buying American cigarettes in the form of raw material. We have been importing American tobacco leaves to mix with the Thai tobacco leaves.

If Thailand agrees to import U.S. cigarettes, it should only import the cut tobacco leaves from the United States to be further processed, rolled, and packed by our Thai Tobacco Monopoly. This should be done under license, similar to what Singapore and Malaysia have been doing.

Under the above-mentioned method, both Thailand and the United States would not lose any benefits. At present, our tobacco factory has the modern machinery to do all this work easily. With the whole local market in our hands, and with the ability to process, roll, pack, and sell the cigarettes ourselves, the drop in the total sale of Thai cigarettes caused by the importation of the ready-made U.S. cigarettes would be compensated for by the sale of the Thai-processed U.S. cigarettes. At the same time, the antismoking groups which disagree with the legal importation of U.S. cigarettes should find other methods to campaign against smoking.

Those people who want to smoke, including the Thai youth who may become addicted to cigarettes in the future, will smoke any kind of cigarette, be it Thai or American, they can get. Nowadays, the number of cigarette smokers in the United States has reduced sharply from as high as 40 percent of the population to only 29 percent.

Although the number of people dying as a result of smoking will remain at about 390,000 persons a year in the near future, this number will gradually be reduced at a rate proportionate to the number of people who quit smoking and those who never started to smoke.

In Thailand, the antismoking campaign has been launched actively and has become a major policy for both the government and private sector. Therefore, a reduction in the number of smokers is expected.

The concern that importing U.S. cigarettes will stimulate an increase in the number of smokers should be ruled out as long as the antismoking campaign continues and is met with good cooperation from every organization.

When the problems facing the local producers and the antismoking campaign are solved, no harm will come to the country even though we allowed U.S. cigarettes to be imported. In fact, this move could possibly bring some positive results in easing the trade tension and in giving our country more bargaining power.

**Chatchai To Visit Australia To Discuss Trade**  
*BK1508065589 Bangkok TNA in English 0633 GMT 15 Aug 89*

[Text] Bangkok, Aug. 15 (OANA-TNA)—Thai Prime Minister Gen. Chatchai Chunhawan will visit Australia during Aug. 29-Sept. 3 at the invitation of Australian Prime Minister Bob Hawke, government spokesman Suwit Yotmani said here Tuesday.

Suwit disclosed that the leaders of the two countries will hold talks on Thai-Australian bilateral relations, trade and investment opportunities that Australia has given its first priority to Thailand.

They will also discuss technical cooperation, the stance of Thailand and ASEAN on the setting up of the Asia-Pacific cooperation and the Kampuchean problem.

Suwit said Gen. Chatchai's trip to Australia will be accompanied by representatives from the private sector including the Board of Trade of Thailand, the Association of Thai Industries and the Thai Bank Association.

Suwit added Gen. Chatchai will depart here to Darwin to meet Thai community there before arrival at Canberra on Aug. 31 where he will receive an official welcome by his Australian counterpart Bob Hawke.

There will be a Thai-Australian plenary meeting. The Thai leader will also meet Australian opposition leaders.

Australian Governor General will host a dinner in his honour before Gen. Chatchai returns here on September 3.

**Sitthi Meets UN Fact-Finding Team Chief**  
*BK1508114589 Bangkok Voice of Free Asia in Thai 1030 GMT 15 Aug 89*

[Text] Foreign Minister Air Chief Marshal Sitthi Sawetsila has asked the UN fact-finding team to inspect the Lao-Cambodian border areas where troops and supplies transit.

Yesterday afternoon, Lieutenant General Martin Vadset, chief of the UN Cambodia fact-finding team, ESCAP [Economic and Social Commission for Asia-Pacific] political adviser Samsid Anwar, and ESCAP Secretary General Kibria called on Air Chief Marshal Sitthi Sawetsila at the Foreign Ministry for about 45 minutes. Reporting afterward, Lt Gen Vadset said he had paid a courtesy call on the Thai foreign minister, who assured him that Thailand will give full cooperation to his team during its 15-17 August inspection of the Thai-Cambodian border. The team has not inspected the Lao-Cambodian border due to lack of time.

Montri Chalichan, deputy permanent secretary of the Foreign Ministry, reported further that during the meeting Air Chief Marshal Sitthi asked the UN fact-finding team to inspect the Lao-Cambodian border areas used by troops and for transport of supplies, particularly the Vietnamese-Cambodian border [as heard]. Montri said the chief of the UN fact-finding team reported on what he saw during the inspection trips to Cambodia and Vietnam. The UN team chief said both Vietnam and Cambodia gave good cooperation to his team, in its capacity as UN representative. But he said both Phnom Penh and Vietnam clearly showed that they would not accept a UN role [not further specified] until the Cambodian seat in the United Nations is vacated.

**Article Criticizes Thai Role in Cambodia**  
*BK1308142089 Bangkok SIAM RAT in Thai 11 Aug 89 p 12*

[Article by Manat Phuanglamchiak: "Soviet Union and Settlement of the Cambodian Problem"]

[Text] The roundtable talks on Cambodia held at La Celle-St-Cloud Castle in Paris in late July collapsed.

At the international conference in Paris that followed, a Soviet Foreign Ministry official said: "The Soviet Union supports any format for a settlement of Cambodia, but it thinks the internal aspects should be settled among the Cambodian people without external interference. It is useless for the present international conference to try to settle all the problems." The comment was reported by



the news agency APN. The same official also said: "The current conference should focus on the withdrawal of Vietnamese troops from Cambodia, how to monitor the withdrawal, whether foreign assistance to all Khmer factions has stopped, control of a cease-fire and military provocations, a guarantee that all Khmer factions respect the agreements reached, and supervision of a democratic election. The international conference should guarantee that the genocidal regime would never return to power in Cambodia, because genocide has been declared an international crime that must be eliminated by the world community."

Moscow viewed that if internal questions are taken up by the international conference, such as the government formation and the administrative system Cambodia should adopt, that is tantamount to interference by other countries.

The same diplomat viewed that the international conference is urgently needed, as Vietnamese troop withdrawal from Cambodia must be completed before 30 September.

The international community is still skeptical about Vietnamese troop withdrawal, as it always feared Vietnam might not abide by its promise. This kind of skepticism should be solved through the formation of a mechanism to monitor the Vietnamese troop pullout. The official said that the Khmer Rouge has destroyed the bright prospects achieved from agreements at JIM 1 and JIM 2 [first and second Jakarta informal meetings].

The Soviet diplomat noted that any voting by unanimity at the international conference would be tantamount to giving a veto power to the Pol Pot clique, and would be a direct sabotage of the conference itself.

What surprised him was the fact that adversaries of the Khmer Rouge continued giving trust to it. Prince Sihanouk trusted Pol Pot; he was also arrested and jailed by Pol Pot.

The Khmer Rouge insisted on having political control, but in fact it is the present government in Cambodia that has solid control of the state power and all areas of the country. If the present government in Cambodia is toppled, the opportunity will certainly go to the Khmer Rouge. This must not happen.

The above were the views of a Soviet diplomat concerning Cambodia, which we should take into consideration.

Concerning this problem, this writer has his own views. For him, the Cambodian problem is a serious threat to Thailand's security, and it should have been settled a long time ago instead of allowing it to drag on for a decade.

Thailand lost soldiers and had people killed. The people lost their property and their homes because of the border fighting.

It is unbelievable that the problem remained unsolved for this long.

The Cambodian people are fighting amongst themselves, but why does Thailand have to suffer? Why has Thailand allowed its territory to be used by the Cambodians as a battleground? Where is Thailand's sovereignty?

Those are difficult questions to answer.

A small issue has been blown up because it involved the interests of foreigners, and Thailand (private sector) [as published] has been caught in the dragnet.

The trouble in Cambodia is Cambodia's internal affairs. Who will control Cambodia is none of Thailand's business. It is, moreover, a conflict among the communists, and Thailand has no justification to interfere. The same applies to problems in Thailand—we could have coups d'etat in our country and it is nobody's business to interfere. It would be easier to solve problems if we thought like this.

Thailand must not tolerate Cambodian battles inside its territory. We must not allow them to use Thailand as sanctuary for hideouts. Thailand must not support any of them. If we followed this path, things would be easily settled.

Conflicts among the various Cambodian factions have caused Thailand to lose respect. The whole world thinks that Thailand is supporting certain Khmer factions seeking to topple the Heng Samrin regime. This is an open secret.

Concerning this Cambodian conflict, Thailand should play the role of a mediator, as several parties in the conflict must depend on Thailand.

It looks easy to solve those problems, but no solution has been achieved. This is because of lack of sincerity.

It would be easy if the language used is Cambodian, and not Thai, Vietnamese, Chinese, English, or Russian. In other words, we should let the Cambodians discuss their problems among themselves. Others involved more or less must remain strictly neutral.

If this could be done, a settlement of all the problems could be expected in a short time.

The Khmer Heng Samrin group wants peace and prosperity for Cambodia. Other Khmer factions want Cambodia to belong to the Cambodian people, and they want to return to Cambodia. None of them wishes to see their country in such a miserable state.

If countries acting as Cambodia's big brothers try to be strictly neutral, the Cambodian people would certainly turn to each other for the sake of their national survival, as they have nobody else to look to anymore.

But the problem has been prolonged to this date because some countries have given them hope in exchange for certain gains.

A newspaper recently reported that: "Sitthi said the U.S. decision to give weapons to Cambodia is good." The report says that weapon supplies for Cambodia have been already carried out, but this time it will be done correctly, in the open.

Anybody reading this report must conclude that Thailand has been the agent supplying logistic materials to Khmer factions, with the exception of the Heng Samrin faction.

This is a real blow to the head. I wonder whether we are solving or rather creating the problems?

Under such circumstances, we can expect that the conflict will drag on for a long time.

**Laos Agrees To Repatriate 300 Refugees Monthly**  
*BK1508031989 Bangkok BANGKOK POST in English*  
*15 Aug 89 p 4*

[Text] In an attempt to speed up the repatriation process, Vientiane has agreed to take back up to 300 Laotians a month from Thailand, a Foreign Ministry source said yesterday.

Originally, Laos agreed to take back some 150 Laotians who had been screened out or volunteers to be repatriated each month.

The new intake figure was agreed upon during a meeting between Thai and Laotian officials in Vientiane on August 10-11.

The Thai delegation comprised representatives of the Foreign Ministry, National Security Council and Interior Ministry.

Officials of the United Nations High Commissioner for Refugees (UNHCR) also attended the meeting.

Before the Laotians start accepting back batches of 300 Laotians a month, they have agreed to clear a group of 500 to 600 Laotians, who were supposed to have been repatriated earlier, in September and October, said the source.

Only 600 to 700 Laotians have been repatriated to date.

There are some 70,000 Laotians in Thailand who are supposed to be repatriated to their home country.

They are currently housed in the Ban Na Pho refugee camp in Nakhon Phanom, Ban Winai in Loei Province, and in Chiang Kham District of Chiang Rai Province.

The Laotian delegation said they had decided to open up a reception centre for the returnees, the source said.

The centre will be able to house between 500 to 1,000 returnees.

They also said that returnees currently housed at a transit centre have not been able to return to their home provinces because of rain hampered transportation.

The Laotian delegation said they were willing to accept back their nationals but urged the UNHCR to assist.

The Thai delegation also met Laotian Deputy Foreign Minister Souban Salitthilat, the source said.

The source quoted Minister Souban as saying that Laos wanted to speed up the repatriation process so it could concentrate on economic development.

Mr Souban also admitted that there was some concern among Laotian authorities that the returnees could cause problems for the country after they return.

**Khukrit on Desire To Destroy Lao Ties**  
*BK1208113089 Bangkok BANGKOK POST in English*  
*12 Aug 89 p 3*

[Text] Former prime minister M.R. Khukrit Pramot said yesterday he wanted ~~back~~ to destroy Thai-Lao relations because he sincere/ / believes Thailand will not benefit from the ties.

Talking to reporters at his Soi Suan Phlu residence, M.R. Khukrit said he had criticised the Laotian leadership in his Soi Suan Phlu column in SIAM RAT daily because he could not stand the Laotian attacks on Thailand through its radio and print media.

Saying that his comments against Laos should be considered a heroic deed by the Government, M.R. Khukrit said he merely intended to point out that Laos was untrustworthy.

M.R. Khukrit's comments came after Vientiane Radio accused him of trying to undermine Thai-Lao relations by criticising Laotian Armed Forces chief Gen Sisavath Keobounphan, who visited Bangkok early this month.

The "Grand Guru of Suan Phlu" said Laotian claims it could not prevent its media from criticising Thailand because it had been given the freedom to do so was only a lame excuse.

The ex-premier said he had made his comments to protect the interest of Thai merchants in Laos.

**Investment Board Seeks Foreign Investors**

BK1408054289 Bangkok TNA in English 0458 GMT  
14 Aug 89

[Text] Bangkok, Aug. 14 (OANA-TNA)—(ECOANA)—The Board of Investment [BoI], cooperating with Thai private sector, left here for Hong Kong and South Korea Sunday to persuade their businessmen to invest in Thailand.

Minister attached to the Prime Minister's Office, Kon Thappharangi who is in charge of the BoI, said before leading the Thai mission to visit the two countries that he and other 58 Thai businessmen would meet with Hong Kong and South Korean private sectors and inform them of the advantages and a new policy beneficial for foreign investment in Thailand.

Mr. Kon said the cabinet recently approved the proposal submitted by BoI to allow foreign investors to have their residence in the country for three years.

He said the Thai government supported the investment from foreign countries and he had also negotiated with foreign private sectors for 4-5 times on the occasion and advantages from investment in Thailand.

The minister said the BoI is expected to visit West Germany next month, followed by France, Canada respectively to deal with the same matter. He said that the private sector would negotiate directly with the foreign investors as well.

Meanwhile, Commerce Minister Subin Pinkhayan, who will attend an international trade fair in Canada, said that after his recent visit to Hong Kong, about 1,000 investors applied to invest in Thailand especially on the production of electronics parts and watch parts in order to export to the third countries.

**Cabinet Members Reportedly Receive Death Threats**

**Praman Dismisses Threat as 'Joke'**

BK1108021089 Bangkok THE NATION in English  
11 Aug 89 pp 1, 3

[Text] The government, police and military intelligence agencies have been instructed to check a report that Interior Minister Praman Adireksan could be the target of an assassination plot because of his connection with an Ang Thong business tycoon, killed in a bomb attack in Nakhon Ratchasima last July, an informed source in the National Operations Centre (NOC) said yesterday.

A highly-placed police source also said a possible assassination attempt against Prime Minister Chatchai Chunchawan cannot also be totally ruled out.

However, Praman yesterday dismissed the death threat against him as a "joke", saying he does not remember having personal conflicts with anybody.

"It must be only a joke. I don't think there is anything serious about the death threat," he said.

Chatchai, speaking to reporters at Government House, also played down the threat, saying he believes it was only a hoax by a "babbler".

"Me? I've never been threatened by any anonymous caller although I do receive phone calls (from friends) urging me to drink outdoors with them," the prime minister joked.

The report by NOC also prompted security units of the Interior Ministry and the Police Department to hold an urgent meeting last Wednesday to work out a tight security measure to protect Praman, said the source who asked not to be named.

The intelligence agencies alerted are the National Intelligence Agency, the Special Branch Division of the Police Department, the Armed Forces Security Centre and the Army Operations Centre, the source said.

The report was cited as saying that an assassination could be attempted against Praman when he visits the National Stadium where a fund-raising football match is held to mark HM the Queen's birthday on August 12.

"The possible plotter may regard Interior Minister Praman as a protector of Sia Yae (Ang Thong-based logging tycoon Somchai Rockwaralak)," the source said.

Somchai and twelve other people were killed when a remote-controlled claymore bomb went off in front of the Nakhon Ratchasima provincial court building in July.

Deputy Interior Minister Sano Thienthong on Wednesday broke the news about a bomb threat against an unidentified Cabinet member.

Sano yesterday confirmed the report on a murder plot, saying he has been told by Praman's close aide that an anonymous caller had threatened to kill the minister and other Cabinet members by using explosive devices.

"The aide quoted the anonymous caller as suggesting that Minister Praman was on the hit list because he had stood in certain people's way," the deputy minister said.

It is still not known whether the plotters were the same group of gunmen who murdered Somchai in Nakhon Ratchasima.

The group wants to kill Praman and Chatchai—who are known to have close ties with Somchai, a former executive and financier of the Chat Thai Party—because both had instructed police to speed up investigation into Somchai's murder, the police source said.



Police Director General Phao Sarasin said he has instructed his deputy, Pol Gen Soem Charurat, to ensure maximum security for all Cabinet members.

"We take the death threat seriously because it involves public figures," Phao said.

Special Branch Police Commander Wira Wisutthikun said he has instructed police to step up security since police learned of the threat on Tuesday [8 August].

#### **Security for Cabinet Tightened**

*BK1008033389 Bangkok THE NATION in English*  
10 Aug 89 p 2

[Text] Authorities have tightened security for all Cabinet members following threats against the lives of some ministers, Deputy Interior Minister Sano Thianthong said yesterday.

Sano would not identify the ministers against whom the threats were made. He said only that the Interior Ministry is confident that all ministers will be safe under the ministry's tight security measures.

However, he said, the ministry took the threats, which were made over the past few days, seriously.

"We consider the threats a signal of danger and have increased security for the Cabinet members," Sano, who is serving as acting interior minister because Interior Minister Praman Adireksan is on an overseas trip, told reporters.

**Daily Comments on Chawalit-Sukhumphan 'Quarrel'**  
*BK1108095689 Bangkok SIAM RAT in Thai*  
8 Aug 89 p 8

[Editorial: "No Need to Worry About the Quarrel"]

[Text] The remarks by General Chawalit Yongchaiyut, Army commander and acting supreme commander, which were aimed at warning the government that corruption has increased 90 percent, have triggered a reaction from M.R. Sukhumphan Boriphat, an academician and an advisor of the prime minister who said that "anyone who says that should clean up his own home."

This dispute between the two sides will probably worry some politicians and democrats. They may guess or anticipate whether there is now disharmony between the government and the military. Someone may even think that Gen Chawalit's remarks show that the military can no longer tolerate the current situation.

No matter what the others think about this issue, we would like to reiterate that Gen Chawalit's criticism against the government and M.R. Sukhumphan's criticism of Gen Chawalit are no more than expressions of opinions in line with the democratic system. Everyone has the right to express their opinions as long as these

opinions do not infringe on others. However, because Thai society is not accustomed to such straightforward criticisms, some people were surprised.

We agree with the view that the corruption problem is increasing. However, this problem is not so bad that will lead to a coup as some people have speculated. According to the democratic system, the Assembly is the important mechanism used to check on issues such as this one. This is better than a dictatorship which has no such mechanism.

Likewise, conflicts in the Assembly between political parties should not be seen as turmoil or complications. These conflicts should be seen as checks which ensure that the members of the National Assembly and the administrative team are working effectively. The important thing is that the mass media should not report that these issues express the decline or failure of the democratic system.

As a result, no matter what happens, we should interpret this quarrel as a developing stage of the democratic system, not as a symptom of a declining society that can not be resolved.

Regarding the warning on corruption, we want to see more exposures and effective measures taken on this issue. If the government can show the public progress on one or two corruption suppression cases, they will have more faith and a better understanding of the democratic system.

#### **Discord Seen Behind Resignation**

*BK1308020889 Bangkok BANGKOK POST in English*  
13 Aug 89 p 8

[From the "Inprint" Column]

[Text] This week's show of force by the Army in retaliation for the criticism of a Prime Minister's policy adviser indicated the possibility of discord between Army Chief General Chawalit Yongchaiyut and Prime Minister Chatchai Chunhawan, PRACHACHART BUSINESS weekly said. But the relationship between the two top men was on the surface amicable so as to convince the public that both men are on good terms, the weekly noted.

It said, however, that there was a showdown between top Army officers and Prime Minister's policy adviser M.R. Sukhumphan Boriphat, whom the weekly said was a "victim."

PRACHACHART BUSINESS said Gen Chatchai and Gen Chawalit were on good terms during the first six months of the Government, with Senate Speaker Wan Chansu, a close friend of the Prime Minister's helping strengthen the ties. The relationship turned sour with the spreading of rumours allegedly intended to discredit the Army Chief.

Meanwhile, Gen Chatchai's position was growing stronger and stronger. After one year in office, he has gained so much popularity.

PRACHACHART BUSINESS said Gen Chawalit broke his silence and criticised the Government when a foreign magazine ranked Thailand as the ninth most corrupt country. Gen Chawalit's remark, however, was countered by M.R. Sukhumphan, who told him "to clean up" his house first (before criticising corruption in the Government).

M.R. Sukhumphan also suggested that the Chulachomklao Military Academy revise its courses to make our soldiers more professional.

Following this apparent criticism, the Army lost its patience and a show of force was held, PRACHACHART BUSINESS said. M.R. Sukhumphan was later forced to quit the advisory team, which was considered a setback for the Prime Minister.

**Muslims Protest South's 'Second-Class' Status**  
*BK1408011789 Bangkok BANGKOK POST in English*  
14 Aug 89 p 3

[Text] Four Muslim MPs have issued a statement accusing government officials of treating southern Muslims like second-class citizens.

The MPs, members of the opposition Solidarity Party, said their statement reflects the political situation in Pattani, Yala and Narathiwat provinces.

"Local residents still believe they have no rights or freedom of expression on political issues as is guaranteed in the constitution," the MPs said.

"People there (in the South) believe that national sovereignty is still in the hands of a few government officials who threaten them if they dare to challenge official authority," the MPs said.

They accused some local officials of being controlled by influential people in the area.

MPs who signed the statement include the three Narathiwat MPs—Seni Madakakun, Aripheh Untarasin and Phrinnya Chetaphiwat—and Yala MP Wanno Matha.

They accused some local officials of trying to destroy local politicians who do not bow to their influence.

"Local community leaders, including religious leaders and Muslim officials, who do not hold the same opinion as local authorities are accused of treason and become targets of harassment, they said.

"Some Muslim leaders have fled the country or set up organisations to fight the government," the MPs said.

They called for better education of their people to increase their understanding of their constitutional rights.

Southerners should also be urged to participate in politics, which would help prevent local authorities from abusing their power, the MPs said.

## Vietnam

### Council of Ministers Socioeconomic Report

#### Part 1

*BK0808154189 Hanoi NHAN DAN in Vietnamese*  
21 Jun 89 pp 1, 4

[Part 1 of Council of Ministers Socioeconomic Report read by Phan Van Khai, head of the State Planning Commission, at the Fifth Session of the Eighth National Assembly]

[Text] As far as the implementation of the socioeconomic development plan for the first half of the year is concerned, positive changes have been recorded and new factors have emerged. At the same time, new and very serious difficulties have surfaced. The Council of Ministers has closely monitored the situation and worked out measures for overcoming difficulties in production and goods circulation.

The Council of Ministers has kept the Political Bureau informed of the situation and solicited its opinion. Due to the urgency of the problem, the Political Bureau has devoted much time to correctly assessing the situation during the first half of the year and reviewing strong points, shortcomings, and new problems in an effort to work out measures for helping various sectors and echelons resolve their current difficult problems.

On behalf of the Council of Ministers, I would like to brief the National Assembly on the socioeconomic situation during the first half of 1989 and measures for accelerating the implementation of the socioeconomic development plan for the last half of the year.

#### Part 1

The Socioeconomic Situation during the First Half of 1989

The following are the three main objectives of the 1989 socioeconomic plan approved by the fourth session of the National Assembly:

1. Renovate the management mechanism and the economic policy and satisfactorily carry out economic and social tasks, particularly key tasks related to the production of grain, foodstuffs, consumer goods, and export products.

2. Stabilize step by step the livelihood of the people, first of all, workers, state employees, members of the armed forces, social welfare recipients, and peasants in areas seriously affected by natural calamities and famine; and resolve a number of urgent problems on the educational, public health care, and cultural fronts.

3. Check price increases step by step and reduce budget overspending and inflation.

At the same time, the National Assembly set forth 12 socioeconomic orientations aimed at systematically promoting the commodity economy and improving the management mechanism so as to successfully fulfill the objectives of the 1989 plan.

In a general review of the implementation of the state plan for the first half of the year, the following noteworthy issues can be raised:

First, the production of grain and foodstuffs has continued to develop. The area under winter-spring rice cultivation nationwide has reached nearly 2 million hectares or a 4.4-percent increase over the last season. The southern provinces have recorded better results in all three aspects: hectareage, productivity, and output. The exploitation of Dong Thap Muoi and the Long Xuyen quadrangular area has brought about practical results and has added 60,000 or more hectares to the cultivated area and 270,000 tonnes of rice to the total output. In some central provinces, due to a long spell of drought at the beginning of the crop season, and recent strong storms in Quang Nam-Da Nang and Binh Tri Thien Provinces and parts of Nghe Tinh Province, grain and food production has decreased compared to last season. Although rice grew rather well in the north, it was also affected by storms and floods. The output was preliminarily estimated to equal that of the winter-spring crop last year.

Estimates have put the output of the winter-spring rice crop of the whole country at 8 million or more tonnes including over 7 million tonnes of paddy, a slight increase over the last winter-spring crop which was a bumper crop.

Half of the yearly plan norm for grain procurement has been fulfilled. The shipment of grain from the south has increased as compared to the same period last year. Some progress has been achieved in dealing with the grain problem in the north owing to the good harvests for two successive years and to the shifting of grain trading to the one-tier pricing system. As a result of expanding the grain circulation between regions, since March 1989 the state has been relieved of a great burden. A substantial increase in grain reserve has been recorded at various local grain trading corporations and the national grain reserve has also been replenished. Grain prices stopped soaring and then tended to decrease during the period before the development of typhoons Nos 2 and 3. The crop yield was high but grain buying service was slow. As

a result, our peasants's rice surplus remains very substantial in many localities, especially in the Mekong River Delta. Since grain prices have decreased and adversely affected peasants' interests, the Council of Ministers has decided to export a part of our grain output to settle past debts and import more equipment and raw materials in support of production. However, since our country has often been affected by natural disasters and grain production has not been really stabilized, all sectors and localities should implement positive measures to collect taxes and debts, earmark more cash to purchase surplus grain from the people, organize well and balance the distribution of grain among various regions, and increase the national grain reserve to promptly cope with natural disasters.

Second, despite many difficulties, progress has been made in some branches of production and construction compared with the same period last year. As far as industry is concerned, the new mechanism has created conditions for various establishments to assume a more active role in maintaining close contact between production and market demands so as to promote product consumption. Many installations have reorganized production and personnel, shifted to profit-and-loss accounting, and fulfilled their obligation to the state.... In many sectors and localities, some units have actively patterned their operating procedures after the new mechanism and scored initial results. In general, production establishments are striving to reduce production costs and improve product quality. Some major products of the state industry have increased fairly well compared with the same period last year: electricity has increased by 28 percent, power supply to agriculture by 35 percent, and cement by 22 percent.

—As a result of state encouragement and correct guidelines in the central government resolutions, the potentials of the various economic sectors have been initially mobilized to develop production and construction, creating jobs for hundreds of thousands of workers. Many production installations, privately-owned handicrafts and artisan industry enterprises, and private and collective service provision networks are developing. Bidding in production, business, and construction has begun to have a good effect on competition among units and economic sectors, bringing about practical results.

—Although great difficulties in investment have been encountered, leadership has been focused on the targeted state projects to ensure steady rates of construction and it is estimated that the second group of generators at the Hoa Binh hydroelectric power plant can be commissioned and the entire Tri An hydroelectric power plant can be put into production, and the Ha Tien Cement Plant and the Dap Cau glass factory can be run on trial production as scheduled. As a result of a fairly high increase in the volume of building materials, various economic sectors have invested in the construction of more production, business, service provision, and housing facilities.



Third, external economic activities have made headway. Although sluggishness is still noted in several areas such as signing of contracts, handling material funds for production, procurement of export products, and slow settlement of debts and exports for 1989, various sectors, localities, and production installations have reserved large amounts of goods for export, achieving 44 percent of the yearly plan, an increase of 28 percent over the same period last year, including the increase of 38 percent in exports to the Soviet Union. This is a very great effort. The various forms of cooperation such as joint enterprise and direct investment continue to develop.

Fourth, pricing and market demand have been alleviated to a certain degree. Thanks to the renovation of the management mechanism and economic policy, since late 1988, there has been an abundant supply of diversified goods and marketing activities have become more active. There are no longer critical shortages of goods as before. The flow of materials and goods between the various localities becomes smoother and consumers can enjoy more peace of mind now. The people have been relieved somewhat from price pressures. We have also eliminated the system of state subsidization a step further by means of bank credits and prices. Most goods in circulation are subjected to the mechanism of buying at agreed upon prices and selling at commercial prices, thus closing the gap created by the two-tier pricing system, reducing artificial consumer demands, considerably limiting the practice of conducting multiple sales to profit from price differences, and reducing the rate of price increases. The index of pricing for the first half of 1989 was 130-132 percent compared with the period by the end of December 1988 (the index of pricing for the first half of 1988 was 338.8 percent compared with the period by the end of December 1987). The prices of grain, foodstuffs, and consumer goods have remained stable or even decreased. The difference in prices between the various localities has shrunk and the purchasing power of money has gradually been restored. Nevertheless, these manifestations have not become really stabilized. Therefore, continued efforts are needed to monitor and handle the situation.

Fifth, as for the people's lives: In the rural area, the number of people needing more food this year decreased significantly as compared to last year. In those localities where there are bumper crops and export-oriented industrial crop areas, the people's lives have been improved. In urban areas, there has been a slowdown in the rate of price increases. The people's lives and psychology, in general, have been eased from strain and stress. Although having been eased somewhat as compared with what they were in the same period last year, the lives of administrative and professional cadres and personnel continue to face numerous difficulties. At present, the major outstanding problem is due to a slump in production and business. Workers have been underemployed and their income has decreased. Moreover, many production units have no cash to pay workers. Payment is

often delayed for a few months. Therefore, their lives are very difficult. Workers and civil servants in a number of administrative and professional agencies, members of the armed forces, and those receiving welfare have had their wage payments delayed regularly for 1-1.5 months, and in certain cases, for more than 2 months.

Sixth, much effort has been exerted to continually develop scientific, technological, educational, training, cultural, information, public health, and social welfare activities despite the fact that many difficulties in terms of material and technical bases, operating funds, and livelihood, especially in the fields of education, training, and public health, still exist.

We should state that the aforementioned initial efforts represent significant progress. They not only affirm that the party and state lines and policies are correct but also open a new prospect for implementing the socioeconomic tasks in the second half year and subsequent years. We must admit that the aforementioned results are not really steady because these are achievements scored at a time when the economy has not been stabilized and inflation is still serious.

We must realize those areas in which we can effect change and those difficulties which have emerged since the end of the first quarter of 1989, particularly the question of the state-run economic sector facing major, tough ordeals in several areas: lacking capital for production; product sales being sluggish; a portion of workers being underemployed; and a number of production and construction establishments having to close down due to sale slumps.

The following are contributing factors for the shortage of capital for production:

Entering the new mechanism—when raising the price of materials, establishing new buying and selling prices, and monetarizing wages—requires us to recalculate the amount of money in circulation and requirements for capital. Naturally, liquid capital should be increased. But banks do not have enough funds for loans. Recently banks loaned out more money than they could mobilize. In collecting their loans, banks have moved too fast and on a widespread scale and have therefore driven various enterprises into precarious positions. On the other hand, due to the backlog of products—unmarketable goods—there has been no money for turnover.

Worthy of note is that the settlement of debts between units themselves has long been inherently slow. Now that the product sales are slow, the shortage of capital has become more acute. Efforts have been slow in the settlement of huge debts—carrying over from 1988 to 1989—incurred from compensations for losses in exports and for foodgrain and skyrocketing price increases in capital construction. In the first quarter of 1989, there

emerged more debts on capital construction, driving various sectors, localities, and establishments into a shortage of operating funds.

Cash and capital shortages have given rise to more debts and the fairly common practice of making unauthorized use of one another's funds. Many enterprises have failed to settle debts, including debts owed to the state, buy equipment and materials, contribute to social insurance funds, or pay their employees.

This situation has driven the economy, including production, construction, and goods circulation, into serious capital shortages.

—Regarding product consumption, though the volume of products has not increased quickly enough to meet the demands of production, construction, and life, product consumption has remained slow for several months now due to the following factors:

—As mentioned earlier, capital and cash shortages have seriously reduced the purchasing power of the state and the people and has eventually led to slow product consumption.

—Under the system of state subsidization, production installations operate according to higher echelons' instructions and fulfill the latter's prescribed norms. Besides, product consumption is left to the state. Now that production installations have patterned their operations after the mechanism of business accountability, they must make decisions on designing and marketing and cover losses all by themselves. Moreover, there is the factor of time. Because of the fact that the mechanism of business accountability is newly established, no sufficient economic information is available; producers and consumers have not established close contact; and production has not been linked with market demands. Besides, economic contracts have existed just for form's sake and henceforth, failing to determine the responsibilities of the parties involved. As a result, in general, only 40-50 percent of the product consumption planned norms have been fulfilled by the enterprises concerned. Some units have even ranked far below this level.

The policy to bring the prices of supplies and raw materials close to market prices and to apply the mono-price system is correct. However, the right to autonomy in finance of the grass roots has yet to be institutionalized uniformly. Various establishments are still indecisive in dealing with various internal factors such as low labor output, high material expenses, and high production costs, which are unacceptable to the market. Meanwhile, more and more foreign goods have infiltrated the market. The ineffective tariff barrier has failed to protect local goods. Local goods are not competitive and hard to sell. Due to an increase in the prices of supplies and goods, producers as well as consumers have had to carefully calculate their needs and have taken steps to use goods more thriftily by limiting their purchases to certain quantities of goods they really need at present.

On the other hand, due to the nonexistence of price differentials, fake requirements have reduced sharply. Now each family is no longer the "small general store" it was before.

It is necessary to affirm that our national economy has a great imbalance in supply and demand. Our sources of supplies and raw materials have failed to meet requirements. The current stagnation of supplies and goods is unusual. It is necessary to take steps to deal with it. If this state of affairs is allowed to drag on, it will adversely affect production and life.

As for labor, the state of redundant manpower in production and business as well as in the administrative and professional sector has long been in existence. Now this state has become more apparent with the application of business accounting. Due to difficulties encountered in production coupled with a low consumption of products, the number of people compelled to temporarily leave their jobs is relatively large. According to a report from the Ministry of War Invalids and Social Welfare, the number of redundant labor accounts for 18-20 percent of the total number of employees at the production sector; and at the administrative and professional sector, 10-12 percent.

As far as education, culture, and social welfare are concerned, the main obstacle rests with the lack of funds and scarcity and serious deterioration of material bases. Noteworthy is the fact that the quality of education has continued to decrease. The number of school dropouts and students remaining for a second year in the same class has remained high, especially in mountain provinces and the central highlands. The number of cases of illiteracy and recurrent illiteracy is constantly on the rise. Medical care and treatment are still rife with difficulties. The living conditions of teachers and students at various high schools, universities, and vocational training centers continue to be very difficult. The management of publication work, the press, and the showing of films and videocassettes has remained lax. More and more material of a decadent and reactionary nature has been introduced into our country at an alarming rate, thus causing concern for the people. More and more negative phenomena have surfaced in the society. Thefts and robberies remain serious. The crime rate is on the rise.

There is a whole variety of interrelated causes leading to the above-mentioned situation, and the underlying causes are as follows:

In furtherance of the standpoints and policies promulgated over the past years, particularly since 1988, this year we have applied the new mechanism in a more widespread, more uniform, and more thorough way. Particularly, we have put more emphasis on the input prices, made more progress in abolishing the dual-price policy, replaced the system of state subsidization with more liquid assets and bank credits, and gave more autonomy to production and business establishments.

However, a number of branches, localities, and grassroots units still do not know how to make use of these new factors to implement the new mechanism, thus giving rise to a standstill in production operations.

Deficiencies and shortcomings have also been displayed in the state leadership and guidance over the implementation of macro-management. This can be seen in our failure to thoroughly assess the results of attempts to shift operations of the various economic sectors, particularly the state-owned sector, to the new mechanism. As a result, no timely and decisive measures have been taken to resolve concrete problems. No uniform plans have been worked out to ensure balance between money and goods; or steady progress in the implementation of the new mechanism; or uniform application of the regulations governing planning, finance, investment, import-export, use of redundant manpower, and so forth.

Besides, as far as the microeconomic activities of the enterprises are concerned, uniform study is needed for such important issues as efficient use of fixed assets, labor productivity, and acquiring new techniques and better equipment—if the questions of product quality and the competitiveness of manufactured products are to be solved.

Financial and monetary discipline was not strictly observed. All the sources of contributions to the state budget were poor. The state-owned sector's contributions to the state budget could meet little more than 30 percent of the planned target. Some units operated profitably but refused to make adequate contributions to the state budget. Others overpaid and over-awarded their employees in a wasteful fashion without taking into account the latter's actual work performance and labor productivity. Due to large shortfalls in contributions from the collective and individual economic sectors, the state budget does not have any source of funds to meet urgent pre-established demands. This lack of funds has prevented the regular operations of production, construction, and administrative sectors.

The situation regarding the implementation of various socioeconomic tasks over the past 6 months has developed relatively fast. Positive and favorable changes have been made. At the same time, new difficulties have surfaced. Facts obtained recently show that efforts to implement various measures and policies aimed at abolishing the system of state subsidization, curbing inflation, and shifting to business accountability are totally correct and compatible with the multisectoral commodity-based economy. Very great difficulties still lie ahead. Continued efforts are needed to urgently and effectively resolve issues related to the national budget, capital provision for production and business operations, prices, product consumption, and jobs for the laboring people. This way, conditions will exist for higher production output, smooth materials and goods circulation, and

effective application of the new mechanism. We are determined not to go back to the old mechanism merely because we have to face short-term difficulties.

## Part 2

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[Part 2 of Council of Ministers Socioeconomic Report read by Phan Van Khai, head of the State Planning Commission, at the Fifth Session of the Eighth National Assembly]

[Text]

## Part 2 Stepping up the Implementation of the Socioeconomic Development Plan for the Second Half of 1989

Since the implementation of the socioeconomic development plan for the second half of 1989 is of special importance, simultaneous efforts are needed to reach the goals set by the National Assembly in early 1989 and to fulfill the objectives that our party's sixth congress has set forth for 1990, the last year of the 1986-90 5-year plan. In the second half of this year, all sectors and localities must make greater efforts to apply the party Central Committee sixth plenum resolution to life and prepare necessary conditions for expanding our country's foreign economic relations.

Acting in line with this spirit, we must gear the implementation of the socioeconomic development plan for the second half of 1989 to fulfilling the following main tasks and key jobs:

1. We must promptly overcome the weaknesses in guiding agricultural production by taking concrete supplementary measures to resolve the grain and food problem in an increasingly steady fashion.
2. We must concentrate on urgently resolving the problems of capital, raw materials, and production consumption, chiefly in the state-operated economic sector, in order to boost production, improve product quality, reduce production costs, and diversify the range of goods to meet most of the demands for essential consumer goods in the country. A correct import policy must be adopted to contribute to supplementing the inventory of goods in the country while protecting local production.
3. We must strive to satisfactorily implement the export plan, especially for items intended for the Soviet Union and other socialist countries. We must continue to broaden our economic relations with other countries.
4. We must concentrate capital, materials, and equipment on the key projects already registered in the 1989 state plan, and direct all sources of investment from production installations and the people to the development of production.
5. We must go ahead with measures that have been and will be taken to control and stop inflation, to reorganize and consolidate the distribution and circulation of



goods. Especially, extraordinary progress must be achieved in boosting budget revenue and consolidating the state-owned economic sector so that it may effectively participate in inflation control and play a leading role in developing the multisectorial economy.

6. We must resolve more satisfactorily a number of urgent problems in culture, social welfare, life, social order and security, and national defense. We must satisfactorily prepare for and carry out the troop withdrawal from Cambodia by September 1989.

7. We must continue to reorganize the managerial apparatus and work force, bring down the number of intermediary links, and reduce personnel with the aim of enhancing the state management from the central down to the grass-roots levels.

All the policies and measures of the 1989 state plan already adopted by the National Assembly are still valid in reality. The Council of Ministers will only suggest here a number of additional urgent concrete measures required by the new situation.

1. Concentrate on resolving the bottlenecks in the state-owned economic sector and quickly normalize and continue to effectively develop production and the circulation of goods.

a. Regarding circulating capital: This is the most decisive question. Securing sufficient capital will help clear the bottlenecks in production and circulation of goods, promote the marketing of products, and reduce the high rate of unemployment. We must resolve the problem of circulating capital in the state-owned economic sector in accordance with the following main directions:

—All existing debts between the central budget and various localities and sectors, and between production and trading units must be urgently paid up because this is one of the key factors that have caused a serious shortage of capital at the grass-roots levels. To ensure good results for this policy, first of all the central budget must actively and urgently pay up a number of debts it has owed to various sectors and localities for a long time, especially debts involving capital investments intended for capital construction, export activities, and grain procurement. On this basis, the managerial sectors must work together with the trade sectors and grass-roots units to resolve cases of making unauthorized use of one another's capital and chronic indebtedness so that production installations may have sufficient operating capital and the state-owned economic sector may have greater purchasing power.

We must continue to make budget allocations for 1989, especially the allocations of investment for capital construction, to help ease the capital shortage and the stagnation of construction materials.

—We must renovate the method of payments by abolishing complicated and troublesome formalities which cause artificial capital increases or shortages. In

some cases, where it is deemed necessary, we can apply the principle of recording revenues and expenses without having to borrow money from the bank for payment.

—We must reduce the rate of tax collected from state enterprises in conformity with the new pricing system, adopt the policy to provide temporary financial assistance for those facing numerous difficulties and for establishments producing important products that have a bearing on many economic sectors and the people's life and that cannot defray all the production costs in their initial stage of operation, such as the costs of fertilizer, agricultural machines, and so forth. At the same time, regulations must be promptly formulated to give concrete problem-solving guidance in case an establishment has to be dissolved or to transfer its ownership.

—The banking service must adopt flexible operational methods to mobilize the deposits of various economic organizations and idle money among the people and to take the initiative in securing additional sources of capital from foreign countries, including obtaining credits and entering into joint ventures, so as to have sufficient capital for use as bank loans. Although the banking service should strictly control loan activities, it must promptly and fully meet the demand for capital loans of those enterprises that operate efficiently and make their budget contributions on time. Our pressing task for the coming months is to effect a drastic change in the bank credit structure, mainly by transferring loans from the goods circulation area to the production area.

Regarding the interest rates for loans and deposits involving production and business establishments, flexible computing methods should be worked out to make them consistent with the rate of price increases. It is necessary to work out a preferred policy based on the characteristics of the various branches of production, localities, and cycles of production. Special interest rates should be given to loans for the cultivation of long-term industrial crops, ship and boat building industries, film production, import of materials and equipment.... Favorable interest rates and special funds must be reserved for securing essential goods in stock so we can use them as emergency aid in case of natural disasters and epidemics. These include materials for use in storm and flood control; insecticides; anti-epidemics medicine for men; anti-epizootics drugs for animals; and supplies for areas where people often experience shortages of grain, salt, stationery, teaching aids, and textbooks.

b. Regarding pricing and product consumption:

—Implementing the aforementioned policies and measures aimed at resolving the shortage of circulating capital in accordance with the guidelines cited above constitutes a decisive condition for product consumption because, though the causes of product stagnation are many, the chief one is the production installations' lack of capital. However, the enterprises must take the initiative in finding customers and making contact with the market to sell their products. They must boldly cut the prices of some items the production costs of which are too high or which do not appeal to consumers. Materials trading corporations can change their selling methods or

sell slow-moving items on credit, with prices and the amount of interest to be paid to the banks to be agreed upon between sellers and buyers.

—Each item of goods to be sold within the trade sector and market demand should also be considered specifically in order to work out appropriate price-cutting policies. Especially, to release capital, we should urgently reduce the prices of those items that cannot be sold because of poor quality or because they no longer satisfy consumers' taste.

—The Ministry of External Economic Relations should tightly control the reduction of the import of items of which there still is a big backlog in the country, strictly carry out the collection of import taxes, and revise or amend the tax policies concerning imports in accordance with the policy of imposing a high tax rate on those items that can be produced locally.

c. Labor and welfare:

—Economic establishments should expand production and training activities to provide jobs for a number of redundant workers. The Council of Ministers has entrusted the Ministry of Labor, War Invalids, and Social Welfare with the task of preparing a plan to find employment for redundant workers in the nonproductive and administrative area and in production and business. This time around, finding employment for redundant workers should be achieved within 1989 and 1990 on a large, society-wide scale on the basis of revising and amending various systems concerning the voluntary or involuntary separation from work, the waiting for employment, the separation from work due to disability, and other social welfare policies for workers.

Pending the adoption of new policies, the state will urgently promulgate a number of policies to help the redundant workers in conformity with the current situation. The general guideline is that state assistance must be combined with the concerned establishments' responsibility for resolving the unemployment problem and with the efforts of the worker himself. In a number of cases where a worker encounters acute difficulties, the state will provide him with assistance for a certain period of time.

To obtain favorable conditions for the arrangement of redundant workers in the last 6 months of the year, it is necessary for the state budget to set aside an appropriate fund for this requirement.

Regarding wages, we must implement the wage policies that the state has already promulgated. Production and training units must apply the formula of self-financing based on the final results of their work. Wages and other funds of the enterprises are their total revenue minus material expenses, contributions to the state budget, and payments of bank interests. Increases in revenue must be reflected through increases in capital accumulation and the social welfare fund. In the administrative, public health, and educational sectors, in the armed forces, and with regard to pensioners, in the immediate future we

must make sure that money is available for the full and timely payment of their salaries and social welfare benefits. If the financial sector lacks money because of delays in collection of revenue, the central and local budgets may use money deposited by the people in their savings accounts to resolve the problem; they must, however, pay interest to the depositors. The adoption of appropriate steps must be continued to maintain the price increase rate so as to ensure real wages for workers while examining and solving the question of providing assistance to a number of workers who have been unemployed for a long period of time and whose lives are very difficult.

2. Serve agricultural production.

We must continue concentrating agricultural supplies on fully and promptly meeting the demands of the 1989-90 10th-month and winter-spring crop production. We must urgently renovate the system of agricultural supply organizations by reducing the number of intermediary links and helping remove snags in capital supply so that commodity trading corporations can sell materials to the peasants in a timely and convenient way and at reasonable prices. We must satisfactorily prepare material-technical conditions, repair electric- and diesel-powered pumping stations, and dredge irrigation canals so as to ensure adequate water for various rice crops. We must also drain water from the ricefields the last 6 months of the year.

Urgent efforts must be made to solve the question of capital needed for capital construction, including credit funds, to serve afforestation and the planting of long-term industrial crops. We must revise and supplement various incentive policies, especially the policy on protective prices, so producers can feel safe in further stepping up the movement to plant industrial crops, produce vegetables and legumes, and carry out animal husbandry among various economic components, especially the family economic sector. Food and agricultural product marketing is also an acute problem. The state management and trading organs should satisfactorily prepare supplies, merchandise, and especially cash to buy up the grain that remains unsold so as to protect agricultural production, prevent food prices from dropping too low, ensure reasonable profits for the peasants, and help increase state reserves.

Various party and state policies which have already been in effect are having a positive impact on production and on the life of the peasants. We must continue to perfect the product contract system in agriculture and positively implement the Political Bureau's Resolutions Nos 10 and 16. The current outstanding problem is how to promptly, sensibly, and rationally resolve the problem of land disputes, thereby contributing to strengthening solidarity, mutual assistance, and cooperation in the countryside.

3. Regarding investment in capital construction:

At its fourth session, the National Assembly approved a 1,000 billion dong budget for 1989 capital construction (based on the cost of living in the fourth quarter of 1988). Now that the cost of living has doubled, or even tripled, what it was at the beginning of the year, while our budgetary spending capability has met with numerous difficulties and limitations, we must recheck our budget and the volume of construction to ensure our set goals. To implement various socioeconomic tasks in the last 6 months and prepare conditions for 1990 and the ensuing years, it is necessary to concentrate funds and materials to ensure the rate of construction of key and urgent projects to be commissioned in 1990. Moreover, some additional funds must be organized to build classrooms in support of the reform of the 9th grade in some targeted areas. Loan funds must be earmarked to partly support some projects in the cooperation program for cottage industry exports, to further increase funds for new projects in the northern border provinces, and to restore those projects damaged by storms and floods.

Self-generated funds of various sectors and localities must be used for support of those projects funded by the budget. We should be determined not to use the amortization funds of those establishments with requirements for investment, and not to mobilize the materials and equipment obtained with funds loaned for building one project to build another.

At a time when funds are still limited, it is necessary to firmly grasp the capital control level of each project, including key projects. We must plan the rate of construction in such a way as to meet the amount of allocated and self-generated funds. We must not plan more construction projects than we can pay for, as this will create outstanding debts in the ensuing years.

We must rectify and overcome our weaknesses and deficiencies in the organization and management of capital construction, notably the management of technologies, labor, materials, and so forth to end the practice of creating a false price increase while failing to guarantee construction quality.

Beginning in 1990, the capital invested by the state will be concentrated mainly on building grass-roots establishments, a number of key projects for support of the three major economic programs, and other public utility projects. We must shift the bulk of production and business projects to a system under which investment capital is not earmarked from the state budget but is borrowed and repaid by relevant economic units themselves. The state will devise a promotional, guidance, and control policy for all investment activities in society and will provide investment guidance to various main economic components for increased production.

4. With respect to external economic relations, it is necessary to perfect the various by-law documents aimed at making uniform the law on investment and to build a

necessary organizational network to rapidly expand economic cooperation with foreign countries in various forms and domains, and on a suitable scale.

We should pay attention to developing the relations of labor division and comprehensive cooperation and to implementing the agreements signed with the Soviet Union, Laos, Cambodia, and other socialist countries, considering it a strategic aim and an obligation of prime importance. At the same time, we should widen cooperation with countries and organizations in the region and the world in keeping with the principle of equality and mutual benefits; make the best use of international assistance, including that of the International Monetary Fund and the World Bank, for our economic development; pay adequate attention to the forms of direct cooperation at the local and grass-roots levels; and encourage and create favorable conditions for overseas Vietnamese to invest and contribute under various forms to national construction.

In this direction, we should supplement and amend the various systems and policies aimed at encouraging and accelerating export, especially export to Zone I [not further specified]. In the immediate future, we must expeditiously pay the foreign exchange debt owed to various sectors and localities; fully and promptly pay the producers of export goods; and guarantee the balanced distribution of materials, commodities, and cash commensurate with the value of exports in order to obtain an adequate volume of goods for delivery to the Soviet Union and other socialist countries according to agreements.

Export-manufacturing units of various economic sectors are authorized to export directly or delegate such authority in accordance with prescribed policies. In some domains, private individuals may personally cooperate with foreigners in manufacturing exports and participating in the various joint export organizations. We must create favorable procedures for entry visas, customs checks, movement of goods, administration of foreign exchange, and so on, in order to help attract foreign investments; and we must step up the various service operations to collect foreign exchange.

#### 5. Concerning Science and Technology:

In the second half of the year, we should basically complete the rearrangement of networks of research agencies of various ministries, general departments, and committees in accordance with Decree No 199 of the Council of Ministers.

—Make a priority allocation of finance and materials to start the various targeted research projects of the state, and at the same time, experiment with procedures for signing research contracts for some subjects of great economic importance, paying attention to surveys of investment in capital construction.



—The State Planning Commission together with the Investment Bank and the Finance Ministry should unify procedures and systems for allocating funds to the various tasks using technical innovations in production.

—The State Science and Technology Commission should examine completed research projects, and together with various sectors and localities establish the list of technical innovations to be applied in 1990 and subsequent years until 1995.

The State Science and Technology Commission should be charged with assessing the technological standards of various economic and technical sectors and recommending the guidelines and measures to improve and raise these standards.

6. Regarding social issues:

Resolving the unemployment problem is a task of strategic importance that must be carried out over several years. In the immediate future, we should concentrate on arranging jobs for young workers in cities, youths who have fulfilled their military service, and redundant workers resulting from streamlining staff. Labor management agencies should coordinate with the Ho Chi Minh Communist Youth Union organizations at all levels to organize more employment replacement centers and vocational training courses for youths, and concretize various policies to encourage nongovernmental economic sectors to expand production, business, and service in order to create more jobs. With respect to those staff cadres and workers of state enterprises who become redundant due to reduced production, their cases must be specifically considered and settled by directly-involved management agencies in such a way as to suit each particular situation.

Assisted by those funds allocated by the state, localities should build and put into use within this year various technical service establishments and provide guidance for family planning.

Education should be directed toward gradually stabilizing the educational situation and improving training quality and training efficiency. First of all, we should make sure that the majority of children reaching school age can go to school, and we should draw up an intensive educational program for those children above school age. This is to help gradually eradicate illiteracy in a number of areas. We should fully prepare teachers and material conditions for the reform of 9th grade. An appropriate fund must be derived from local budgets for this task. Those localities encountering difficulties may receive some assistance from the central budget. Banking and financial sectors should consider mapping out a policy to offer assistance and loans with preferential interest for the manufacture of teaching aids and the publication of textbooks.

Comprehensive preparations must be satisfactorily made to successfully recruit students for various schools ensuring that openness and democracy are observed.

Besides having their operating funds increased and timely allocated by the state budget and their tuition fees partly used, various schools should satisfactorily manage their material-technical bases, trying to create favorable conditions for the new school year.

Attention must be paid to strengthening, organizing, and managing various universities, high schools, and vocational training schools in order to give better care to the welfare of students, especially their room and board, electric and water supplies, and so forth.

One of the people's urgent cultural and information demands is for effectively preventing the publishing of story books and videocassettes having contents harmful to youths and teenagers and not suitable to our people's ethical code. It is necessary to technically improve various radio stations and the operating procedures of the book and press publication sector so that our people in remote areas can tune in the radio and can have newspapers to read. In 1989, we should set aside a rational financial fund for the cultural and information sector so it can improve its operational quality and prepare for many big anniversary celebrations in the year 1990.

To practically celebrate the 10th anniversary of the promulgation by the state of a decree on the care and protection of teenagers and children, various sectors and localities must map out diverse and positive programs of action to contribute to the cause of child care and upbringing.

It is necessary to widely propagate and disseminate the law on health care among the people. We should continue achieving those targets already established for the five national programs in health care: consolidate the public health system at the grass roots in order to ensure elementary health care; provide widespread vaccinations against six children's diseases; carry out family planning; eradicate malaria; and fight against the state of degrading hospitals. As for the system concerning the partial collection of hospital fees already in force, public health organizations must carry it out and draw on experience for perfection.

The state should satisfactorily solve the question of operational funds in order to guarantee the welfare of war invalids and families of fallen heroes. It is necessary to broaden various forms of assistance in accordance with the principles on and mutual love and assistance among people in the same community, and to widen the activities of various welfare and charity organizations in order to contribute to easing difficulties now facing the livelihood of the disabled, orphans, and those helpless ailing and aged people.

The restoration of public order, discipline, and safety against negativism should be considered both a pressing demand and an earnest aspiration of our people at present.

In the last 6 months of the year, internal security sectors should clearly determine the targets, schemes, and sabotage measures of the enemy and the criminals so as to promptly prevent and gradually reduce the crime rate. This is to better protect the people's lives and property, and to punish the racketeers, the embezzlers of the property of the state and the people, and those committing theft that bears an economic character—such as cutting and stealing electric and telephone wire and so forth. To implement this urgent task, the public security sector should cooperate with various Fatherland Front committees and mass organizations in launching a mass movement for the safeguarding of national security and for maintenance of public order and security at various establishments, especially at ward- and village-level organizations.

7. Revamp the managerial mechanism and improve the knowledge of managerial cadres.

In revamping the state machinery, the most pressing tasks in the second half of the year are to continually arrange the apparatus of circulating materials and goods in the direction of achieving compactness, reducing unnecessary intermediate links, eliminating the round-about trading of goods, and reducing the time of their shipment.

We should clearly distinguish the state economic management functions of the Council of Ministers, various ministries, and the people's committees at all levels from the production and business management functions of primary units. Primary units are actually independent in financing and in the arrangement of production plans and the consumption of products; they are responsible for their own losses and profits and for fulfilling their budgetary obligations to the state. State management agencies at the central and local levels will not interfere directly in production and business operations. However, through the large-scale tools of management, such as the law, systems of economic levers, budgets, credits, and state reserves, they should provide guidance and encouragement and create conditions for primary units to direct all the activities of the economy along the strategic guidelines, planned orientations, economic and investment structures, external economic relations, attraction of foreign investments for the state, and so on.

As a result, the question of raising economic management standards from the central to grass-roots levels is

being posed very urgently and holds an extremely important meaning in the process of shifting the economy to cost-accounting business. In the central state management agencies, we should raise the standard of knowledge in determining the economic strategy, orienting economic and investment structures, and establishing the legal system and the network of economic levers suitable to the mechanism of management over the multisectorial economy of planned goods. Cadres of primary units should be fostered and retrained so that we can have more qualified cadres every day who are well-versed in the management of production and business in order to turn out many products capable of competing domestically, and gradually advancing toward competition in the regional and world markets.

The party Central Committee's sixth plenum resolution has reviewed the 2 years of implementing the Sixth Party Congress resolution and, on this basis, put forth very important viewpoints and targets for stepping up the renovation in our country and accelerating the process of socialist democratization. It has also pointed out orientations and tasks for bailing our country out of current difficulties. These orientations and tasks call for developing the commodity-based economy in a systematic fashion, unfailingly unleashing the production force, satisfactorily promoting the development of various economic components, continuing to renovate various management systems, discarding the system of subsidization, and shifting the economy to socialist cost-accounting business.

The party Central Committee's sixth plenum resolution has further consolidated the confidence of everyone among us in the final victory. With numerous costly lessons drawn by us from realities over the years; with the many correct lines, advocacies, and policies of the party and the state having been entering into life and arousing the huge spiritual and material potentials of the people of various strata; and with the unanimity and singlemindedness of the National Assembly assessing the situation in the first half of the year, we should discover correct measures to do away with those areas that are now sluggish and stalemated. We will certainly be able to implement the 1989 state plan victoriously, creating favorable conditions for entering 1990—the year in which our people and the world commemorate great Uncle Ho's 100th birthday and also the year with many important events in our country's political life.

## New Zealand

### Polls Show New Zealanders Welcome Palmer Regime

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[By Suzanne Pollard]

[Text] Wellington, Aug. 13 (AFP)—After enduring more than a year of the public bloodletting that tore asunder David Lange's Labour government, New Zealanders have warmly endorsed new Premier Geoffrey Palmer's promises of smooth sailing ahead. When the serious, subdued Mr. Palmer took over the top job Tuesday, after the resignation of the ebullient and amusing Mr. Lange, political commentators were quick to question the new man's ability to win the public support his government so desperately needs.

But by the week's end the doubters had been proved well and truly wrong—public opinion polls showed an amazing turnaround in the government's fortunes, with voters giving strong endorsement to their new leader.

A nationwide Heylen poll for the Eyewitness television program, conducted immediately after Mr. Palmer's elevation Tuesday, found 52 per cent voter support for Labour and 44 per cent support for the opposition conservative National Party. This was a reversal of the result of a similar poll a week before, which had National with 54 per cent support, well ahead of the government at 36 per cent. Other polls later in the week came up with similar findings, including majority support for Mr. Palmer as "preferred prime minister," an endorsement that had eluded Mr. Lange for many months.

Far from seeming dull and uninspiring, Mr. Palmer's promises of consistency, stability and predictability arrived heaven-sent to a nation that has lived through Mr. Lange's self-described "magnificent, tempestuous, tumultuous, great" five years of roller coaster riding since the election of the Labour government in 1984.

And dry though they may find him, the public seems to trust the straightforward, no-nonsense Mr. Palmer, who does not engage in the oblique answers and witty word games that Mr. Lange so often bamboozled people with.

The finance and business sectors welcomed the new leadership too, the week's political upheaval causing barely a flicker of uncertainty in financial markets because of Mr. Palmer's immediate announcement that David Caygill would continue as finance minister and that the government's economic policies would remain unchanged.

Abundantly endowed in size as well as personality and style, David Lange cut a swathe through New Zealand life in the early years of his administration, a period in which unprecedented economic and social upheaval was unleashed on a previously sleepy little farming-based backwater.

They were years of nonstop change and high drama on the international stage that New Zealanders, generally conservative and easygoing by nature, were unused to and fairly well unprepared for. The government's free-market economic reforms brought sweeping changes that included rampantly rising unemployment and consequent social dislocation. Its anti-nuclear policies thrust New Zealand into conflict with the might of its greatest ally, the United States. And the yet-to-be-resolved furore that followed the French sinking of the Greenpeace protest vessel Rainbow Warrior in Auckland in 1985 further shattered the relative calm that had so long pervaded the land.

But it was the turmoil within the government's ranks, caused by dissent on both the left and right wings, and Mr. Lange's very public and acrimonious battles with Roger Douglas, the former finance minister he sacked last December after disagreement over the pace of economic reform, that wore the public's patience thin.

While earlier playing down the extent of those rows and the damage they caused, Mr. Lange finally admitted last Monday that his contest with "the relentless juggernaut of the new right" had actually been a clash of titanic proportions. "It was a proportion which absorbed the energies of government, preoccupied the commitment of (the Labour) caucus ...." he said.

Mr. Douglas's re-election to the cabinet, on the vote of Labour's caucus, which comprises all its MP's, was the final straw for Mr. Lange, who clearly found the prospect of working alongside his old foe again too difficult to contemplate.

While Mr. Lange's departure has quietened the government's right wing, it has upset some on the left wing who saw the former prime minister as the cabinet's conscience, the person who would look out for the interests of ordinary people when the big changes were being made.

Geoffrey Palmer has a tough task ahead of him to keep the lid on his team's troubles, to convince the public before the general election in just over a year's time that he has actually achieved the stability he promised this week. He moved quickly to put the mechanics in place, appointing newly elected cabinet member Annette King as "minister with special responsibilities for caucus liaison" to ensure better communication between ministers and backbenchers.

Asked last Tuesday what he and his deputy Helen Clark would be doing to avoid the prospect of his team tearing itself apart again, he simply replied, "It won't." Asked why not, he said, "We will stop it."



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